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***Competitive Advantage through After-sales: A  
Cross-cultural Comparison of Emerging and  
Established Markets***

By  
Salhah Alshaer

A thesis submitted in partial fulfilment of the requirements of Sheffield Hallam  
University for the degree of Doctor of Philosophy

June 2016

## ***Declaration***

In accordance with the regulation for presenting theses and other work of higher degrees, I hereby declare that this thesis of doctor of philosophy is entirely my own work and that it not has been submitted for a degree at any university.

## ***Dedication***

To my parents for whatever they have done for me. To all people who prayed for me and all people who have supported me throughout the course of this thesis.

## ***Acknowledgements***

First and foremost, I would like to take this opportunity to thank Allah for providing me with the strength and countless blessings to accomplish this thesis. Taking this opportunity, my utmost gratitude goes to my supervisor Dr Andrew Cropper for his sincere guidance, unwavering support and motivation throughout all stages of this thesis.

I owe an enormous debt of gratitude to Professor Robin Lowe and Professor John McAuley for their invaluable advice and careful guidance are highly appreciated.

My sincere appreciation to MRes module tutors in Sheffield Business School. The effort of tutors in this course helped the researcher to process the research methodology and constitute the philosophy of this research.

I would like to thank retailers and other participants of supply chain who agreed to be interviewed and observed in both the Egyptian and the UK markets.

I extend my deepest gratitude to all those who assisted me to achieve this project.

Finally, I would like to express my loyalty and devotion to my country. May Allah grant it peace and prosperity.

To all of those, I extend my deepest gratitude.

## ***Abstract***

In recent literature researchers have addressed the creation of competitive advantage for retail firms in the context of home appliances. However, based on a review of the literature the researcher believes that research related to after-sales services in the context of home appliances provides a particular focus on the creation of competitive advantage for small-medium retail firms in emerging markets. Furthermore, the researcher believes that addressing the impact of culture on the creation of relationships and adopting method of communication still at a preliminary stage.

This thesis aims to examine the role SME retail firms play in the creation of competitive advantage by delivering after-sales services in emerging markets. The thesis also addresses the impact of societal culture on the adoption of communication methods whilst SME retail firms process after-sales in emerging markets and established markets. This research developed a stable framework to create a competitive advantage for SME retail firms in emerging markets in the context of retailing of home appliances (denoted ASSC). An interpretivist approach and qualitative methodology has been adopted in this research. The main methods for data collection employed in this research are interviews and observations in SME retail firms in emerging and established markets.

This research is an addition to the rare academic studies that address the role SME retail firms play in the creation of a competitive advantage in the emerging markets. Although SME retail firms have limited resources and lack human skill, the findings of this research indicate that SME retail firms still play an important role in the creation of a competitive advantage by focusing on developing relationships with other participants of ASSC and adopting communication methods that suit the culture in each emerging market. The research also found that broader societal culture has more influence on the creation of relationships of both sides of ASSC. The methodological contribution of this research is apparent in the exceptional effort to tackle the inevitable obstacles and challenges that the researcher faced due to messiness in the field work.

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# **Chapter One**

## **Introduction**

### **1.1 Research Background**

This chapter aims to explain the general research background of this thesis. In this chapter the researcher summarised the research topic and the research context. Aims, objectives and questions have arisen from these objectives also explained in this chapter. Finally the researcher clarified the structure of the thesis.

In recent years, global business activities have expanded and global competition became aggressive (Kouznetsov, 2009; Liu & Kumar, 2011). Consumers are also emphasising on functional properties of product rather than purchasing or owning products (Goffin & New, 2001; Pezzotta et al, 2007). This situation has forced firms to change strategies of competition and use new strategies in creating a competitive advantage. One strategy was used by firms was, the integration between after-sales services with product sales. After-sales services specifically affect the overall offering and influence the quality of the relationship with consumers (Fazlzadeh et al, 2011).

From this perspective, after-sales, became a sustainable source of creating a competitive advantage which offers opportunities for specific retail firm to outperform their rivals in a specific market (Armistead & Clark, 1991; Oliva & Kallenberg, 2003; Bundschuh & Dezvane, 2003; Porter, 1985; Porter, 1990; Porter, 1998; Chen & Hsieh, 2008). However, retail firms are unable to adopt isolation and independent entities in managing a sustainable competitive advantage (Christopher, 2005; Christopher, 2011).

This requires retail firms to collaborate with suppliers so that, they can meet the consumer's demand in term of after-sales. Collaboration between retail firms and other participants of the supply chain need to be reinforced by

information sharing and communication (Liu & Kumar, 2011). Generally, retail firms can play an important role in processing after-sales within supply chain for two reasons. Firstly, retail firms have direct a customer relationship (downstream relationship), which enables these firms to predict customers demand and trends of the customers (Peterson & Balasubramanian, 2002; Gaiardelli et al, 2007; Heese, 2012). Secondly, retail firms have direct relationship with different sources of supply (Lee et al, 2007; Piercy, 2009), which represents upstream relationship.

On a practical level, small-medium retail firms have limited resources and skills that represent challenge to manage the after-sales supply chain (Vaaland & Heide, 2007; Zahedirad & Shivaraj, 2011). Therefore, the alternative resource SME retail firms could use, is the so-called resource-based view (Eng, 2005; Wan, 2005) and specifically, "relational view" (Srivastava et al, 2001; Paulraj et al, 2008; Mesquita et al,2008; Cao & Zhang, 2011). In the context of the supply chain the relational view represents an important element for the creation of a competitive advantage, because the relational view, extends the resource-based view (Srivastava et al, 2001; Paulraj et al, 2008; Mesquita et al, 2008).

Since the market environment in Emerging markets is characterised as an evolving markets, this would provide the resources and opportunities for retail firms, to establish a sustainable framework of After-sales Services Supply Chain, denoted (ASSC). In other words, in order to create a competitive advantage, SME retail firms require to enhance their capabilities in creating relationships with other participants of supply chain. The creation of the relationships and the formation of ASSC need to be based on available resources including cultural and social variables in emerging markets.

There are many reasons behind choosing emerging markets for creating a competitive advantage for small-medium retail firms. First reason is that emerging markets became an attractive place to Western investment (Watt et al, 2011). Secondly, emerging markets are considered as the world's fastest-growing markets (Lchii et al, 2011).



Thirdly, emerging markets have become important area for growth and expansion (Black Rock Group, 2010; Bilgin et al, 2004; Agtmael, 2007; Pillania, 2009; Eren-Erdogmus et al, 2010; Xie & Boggs, 2006; Lchii et al, 2012). Fourthly, emerging markets are fastest growing in different aspects include, size of population, demographic data, household income, consumption level, purchasing power and disposable income (Kouznetsov, 2009; Alon, 2006, Bilgin et al, 2004; Pillania, 2009; Shankar et al, 2008). Furthermore, in emerging markets middle-class households are growing and expanding (Baumann, 2007; Shankar, 2008; Euromonitor,2010; Pangestu,2010; Black rock, 2010; Dobbs et al, 2011; Price et al, 2011; Redman & Sai, 2012; Melik, 2012).

However, it has been argued that cultural variables are different between emerging and established markets (Hofstede 1980; Hofstede, 1994; Hofstede, 2001; Singh, 2008; Kouznetsov, 2009). Cultural dimensions have direct impact on the formation of after-sales supply chain and the creation of relationship between retail firms and other participants of the after-sales supply chain (Ahmed et al, 1999; Welsh & Raven, 2006; Fletcher & Fang, 2006).

Cultural differences between emerging and established markets would determine communication methods, retailers adopt while process after-sales within the ASSC. Furthermore, as it has been argued that culture shapes resistance towards changing organisational practices (Danisman, 2010), therefore, societal culture in specific market would determine whether participants of the ASSC accept or resist change towards adoption of IT while processing after-sales.

Based on culture difference exists between emerging and established markets. The adoption of theory or approach developed for established markets pertaining the after-sales supply chain may not applicable in emerging markets (Bilgin et al, 2004; Wright et al, 2005; Sevic, 2005). In addition to this, the configuration of after-sales supply chains that exist in literature have developed for manufacturing firms for example, Levitt (1983);



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Armistead and Clark (1991); Loomba (1996); Cohen and Whang (1997); Loomba (1998); Goffin and New (2001); Markeset and Kumar (2003); Amini et al (2005); Sacconi et al (2007) and Legnani et al (2009).

Nonetheless, little attention was devoted by scientific and managerial literature to the topic of creating a competitive advantage for retail firms in emerging markets regarding the after-sales supply chain (Peterson & Balasubramanian, 2002; Rigopoulou et al, 2008; Pezzotta et al, 2008, Gaiardelli et al, 2007). This required the adoption of a theory or developing a new theory in terms of creating a competitive advantage for SME retail firms in the context of home appliances in emerging markets.

This thesis has two main objectives. First, to explore how retail firms in emerging markets use after-sales services as a tool for creating a competitive advantage. Secondly, to examine the impact of culture on the creation of relationships and the formation of the ASSC in emerging markets.

### **1.1.1 The Importance of Resource-based School of Relationship Management for SME Retail Firms**

In strategic management and relationship management, the Resource-Based View<sup>1</sup> represents an important strategy for the creation of a competitive advantage. RBV refer to combining basic resources that firms own including the financial, legal, physical, human, organisational, informational and relational (Morgan & Hunt, 1999; Gouthier & Schmid, 2003) to create a competitive advantage. According to RBV, in order to create a competitive advantage, firms have to own combinations of resources that are rare and valuable (Morgan & Hunt, 1999; Srivastava et al, 2001; Gouthier & Schmid, 2003). Based on the RBV theory, in order to create a competitive advantage, firms need to own large financial resource to manage services including: after-sales services centres; depots of spare parts; transportation of appliances and

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<sup>1</sup> When this research began the researcher assumed that the Resource-Based View was appropriate but as the research developed it was realised that the Relation-Resource Based School which is an extension of RBV was more appropriate to the study of SMEs. Although the overall principles of these approaches are the same the reasons for moving to the Relation- Resource-based School is explained below and in detail in Chapter Two.

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spare parts in different locations for different segments of consumers. Furthermore, firms require huge fund to deliver service labour, which includes: installation; technical support; customer service; depot service; appliance's maintenance and repair services. In addition to this, firms need to leverage and share the information, during the process after sales and when communicating with other partners of ASSC. The management of information require the use of IT while processing after-sales services, when communicating with consumers and suppliers. The use of IT, is required to check stock for products and spare parts and to update stock information in each firm. Organisational and relational resources, represent important elements that firms need to manage for the creation of a competitive advantage.

Organisational and relational resources, refers to establishing cooperative relationships within specific firm and inter-firm within the after-sales supply chain. On the level of the firm relationships, individuals must share objectives and goals. On the context of inter-firm relationship, firm needs to cooperate with other participants of the ASSC. This requires establishing a communication network, exchanging information and also using IT to communicate with participants of the ASSC.

Considering these conditions, in the context of the after-sales supply chain, SME retail firms could not be able to create a competitive advantage. This is because SME retail firms have limited resources and such firms also, need to cooperate with other participants of supply chains to deliver after-sales to their consumers in emerging markets. At this point, Dyer and Singh (1998) affirmed that, the network of firms can develop a sustained competitive advantage whereas single firms cannot.

Therefore, the alternative resource that SME retail firms need to adopt is relational- resource view, because relational view extends the RBV theory. The relational- view is a strategy that focuses on relationship marketing, puts emphasis on firms' capabilities and building relationships with consumers and suppliers with the ASSC.

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Based on the relational view, SME retail firms can exploit available resources in emerging markets, understand the conditions of retailing in the home appliances industry, understand the specificity of societal culture in each market and then develop relationships and adopt communication methods that suit societal culture. In other words, from the perspective of relational view, in order to create a competitive advantage, SME retail firms that have limited resources, can enhance downstream and upstream relationships that extend beyond the firms' boundaries. Building such durable, sustained and long-term relationships would create rare, valuable and inimitable resources.

The management of supply chains is associated with the management and planning of firms' resources (Koh et al, 2006). The management of firm's resources and managing the ASSC can be a challenge for SME retail firms in emerging markets. This challenge refers to two main reasons. Firstly, emerging markets are characterised as network societies which make it impossible to separate market itself from societies (Jansson, 2007). Secondly, SME retail firms have limited resources which presents a challenge in processing after-sales within supply chains.

From the perspective of relational resources or relational view, in order to create a competitive advantage, SME retail firms need to adopt "holistic relationships" (Cox et al, 2004; Emmett & Crocker, 2006; Chen & Hsieh, 2008). Based on holistic relationships within ASSC, SME retail firms develop downstream and upstream relationships. The downstream represents the demand side of the ASSC whereas, the upstream represents the supply side of the ASSC.

With recognition that SME retail firms are closer to consumers and are a better informed party in terms of demand for after-sales services (Chu & Lee, 2006), this situation would enable SME retail firms to address elements that lead to the creation of a competitive advantage in specific emerging market. These elements include: addressing consumer demand; understanding competition and exploring the nature of home appliances industry and other market environments in each emerging market.

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Studying these elements in specific emerging markets would help SME retail firms to process a required level of after-sales services within the ASSC. However, the most crucial element could be cultural awareness; SME retail firms must understand the cultural variables in the society, they operate in. Understanding all these elements would help SME retail firms to adopt a communication method that suits societal culture and suits the specificity of this societal culture in each emerging market. As it will be explained in the literature chapter (chapter 2), the researcher chose the Egyptian market to represent emerging markets, and, the UK to represent the established markets. The researcher will compare the Egyptian culture which, is considered a collectivist society with the UK culture that, is considered as an individualist society (Hofstede, 1980; Hofstede, 1990; Malhotra et al, 2005; Hofstede centre, 2016). The Egyptian market may be considered as a collectivist, high-power distance and high avoidance culture (Hofstede centre, 2016), which, may require SME retail firms to adopt the so-called "social network model", (Zontanos & Anderson, 2004). Such firms need to develop personal relationships with consumers, suppliers and also with key people in the Egyptian market.

As the RBV theory, is a strategy usually used to create a competitive advantage for firms, the researcher critically reviewed this theory including: its advantage; disadvantages and explained why the theory could not be suitable for creating a competitive advantage for SME retail firms in the emerging markets. Therefore, in the literature review chapter (chapter 2), the researcher suggested the relational-view or resource-based school of relationship strategy to be used for creating a competitive advantage for SME retail firms. The researcher also, explained in detail the differences between the RBV and relational- view and why the relational view is adopted as the applicable strategy for creating a competitive advantage for SME retail firms.



## 1.2 Research Topic

The term of “after-sales service” has been described as activities that firms deliver to consumers after purchasing of the product. Home appliances have been characterised as an expensive product (Gothan & Erasmus, 2008). Furthermore, after-sales services considered as an assurance of resolving any trouble, consumers face in the usage and disposal of appliances (Loomba, 1998; Goffin & New, 2001; Gaiardelli et al, 2007).

Since the essence of after-sales activities is related directly to consumers and involving long-term relationship between SME retail firms and consumers. This made consumers seek support during the usage of products. From this perspective, after-sales in retailing of home appliances represent an important element that reduces consumers' perceived risk.

On the other hand, supplying and delivering after-sales require inter-firm relationships (supply side of after-sales supply chain), which, represent upstream relationship. It is widely argued that the aspect of supply chain management require the integration of supply and demand management within and across firms (Mentzer & Gundlach, 2010; Hilletoft, 2011). From the perspective of a competitive advantage Ellram et al (2004) argued that services supply chain consists of different process includes: customer relationship management; supplier relationship management; service delivery management and demand management.

In the after-sales supply chain, communication method represents an essential vehicle that link demand and supply side while processing after-sales. However, buyer-seller relationships or the so-called "dyadic" approach of relationship may not capture the value chain relationships (Eng, 2005). The holistic approach of relationship (Cox et al, 2004; Eng, 2005; Martino & Morvillo, 2008; Christopher, 2011) can be suitable as well as, practical approaches that include all participants of the after-sales supply chain.

Communication within after-sales supply chain take personal and impersonal contact modes such as: telephone; email and other forms of IT (Birgelen et al, 2002; Chen & Hsieh, 2008). On a similar vein, it has been argued that, supply chain relationships involve socio-psychological and cultural factors (Ferrer et al, 2010). Social and cultural variables influence the communication process (Leonard et al, 2009). Social and cultural variables also shape resistance towards the changing of firms' practices (Welsh & Raven, 2006; De Kervenoael et al, 2006; Danisman, 2010; Cagliano et al, 2011).

In order to create a competitive advantage Porter (1990, 1998) suggests the so-called "demand diamond". It represents a flexible framework because, it depends on analysing four sets of variables that are related to the local market. Such variables can influence SME retail firms' abilities to establish a competitive advantage in the specific market.

Along with the Porter framework (1990, 1998), the "relational-view" or "Resource based school of relationship strategy", (Srivastava et al, 2001; Mesquita et al, 2008; Paulraj et al, 2008), also represent a useful theory to be used by SME retail firms. Demand diamond and relational view offer a foundation for the formation of after-sales supply chain in emerging markets.

Referring to cultural differences exist between emerging and established markets (Hofstede, 1980, 1991, 1994), societal culture in each market, influences the creation of relationships amongst participants of the after-sales supply chain. Same variables affect the adoption of the communication method and adoption of IT while processing after-sales within the supply chain. Since one aim of this research, is to address the impact of national culture on the creation of relationships, amongst actors of the supply chain while processing after-sales. Therefore, in order to meet this aim, a cross-cultural comparison between the UK and the Egyptian market was required. The former represents the established markets whereas, the later represents the emerging markets.

### 1.2.1 Aims and Objectives of the Research

This research aims to address the role SME retail firms play in the creation of a competitive advantage by developing relationships with suppliers and consumers while delivering after-sales within the ASSC in the context of home appliances industry. The creation of a competitive advantage requires SME retail firms to use the resource based school of relationship management or "relational-based view" and "demand diamond", along with understanding the nature of societal culture before adopting a communication method with suppliers and consumers. The research also, aims to address the impact of cultural variables on the creation of relationships and the formation of the after-sales supply chain in emerging and established markets in the context of the home appliances industry. The objectives below outline, how these aims will be pursued:

1. Critically reviewing the relevant literature regarding the management of the after-sales services value chain, the management of a competitive advantage for SME retail firms in the context of the ASSC which include the Porter model and relational-view.
2. To review all possible resources regarding the communication method that can be adopted by SME retail firms within the ASSC and assessing the impact of organisational culture and societal culture on the adoption of communication methods in both sides of the ASSC in emerging and established markets.
3. To contribute to knowledge regarding how SME retail firms create a competitive advantage within a specific societal culture and to make relevant recommendations.

In order to explore the role SME retail firms play in the creation of a competitive advantage by using after-sales service in local market and to address the impact of societal culture on the adoption of specific communication methods within both sides of after-sales supply chain, two main questions need to be addressed. Firstly, how SME retail firms can use after-sales services as a method of creating competitive advantage in emerging markets? Secondly, what is the impact of culture on the creation of

relationships on both sides of the after-sales supply chain and the formation of the after-sales supply chain?

### **1.3 The Research Context**

It was evident in literature that global competition became aggressive (Kouznetsov, 2009; Liu & Kumar, 2011). Consumers also placed more emphasis on functional properties of appliances rather than owing those (Pezzotta et al, 2007). Consumers' expectations regarding after-sales services are increasing because, consumers became more demanding of assistance over the product life cycle (Goffin & New, 2001)

This situation forced retail firms to change their strategies and create new strategies in creating a competitive advantage while processing after-sales. The strategy retail firms have used is the integration between after-sales services with product sales. This integration has increased consumer's value and helped firms to build long-term relationships with consumers. The integration also, affects the overall offering and influences the quality of the relationship with consumers (Fazlzadeh et al, 2011). Such a long-term relationship usually intensifies after the purchase of appliances (Levitt, 1983).

Demand of home appliances has increasingly risen during the period between 2005 and 2013. Demand in this industry is expected to increase between 2013 and 2015 (Euromonitor International, 2010; Euromonitor International, 2011). Report from M2 Press WIRE (2010), exhibited that world demand for home appliances is expected to rise 2.8 percent annually through 2013 exceeding 490 million units.

According to the same resource, the demand of home appliances in emerging markets will exceed the demand in established markets. In addition to this, Euromonitor International (2011) reported that, emerging markets offering the best growth potential demand of home appliances in emerging market overtake demand in established markets.



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Generally emerging markets have some advantages which, represent drivers for SME retail firms in the formation of the ASSC. Firstly, emerging markets became an attractive place to Western investment (Watt et al, 2011).

Secondly, emerging markets have become important area for growth and expansion (Bilgin et al, 2004; Xie & Boggs, 2006; Agtmael, 2007; Pillania, 2009; Black Rock Group, 2010; Eren-Erdogmus, 2010; Ichii et al, 2012).

Thirdly, emerging markets are fastest growing in different aspects include: size of population; demographic data; household income; consumption level; purchasing power and disposable income (Kouznetsov, 2009; Alon, 2006, Bilgin et al, 2004; Pillania, 2009; Shankar et al, 2008).

Fourthly, middle-class households in emerging markets are growing and expanding (Baumann, 2007; Shankar, 2008; Black rock, 2010; Euromonitor, 2010; Pangestu,2010; Dobbs et al, 2011; Price et al, 2011; Melik, 2012).

Finally, emerging markets have some advantage such as, cheap labour (Kouznetsov,2009) ; abundant of natural resources and land mass (Bruner et al, 2002; Bilgin et al, 2004; Kouznetsov,2009; Black rock,2010). The availability of these resources in emerging markets would drive the formation of the after-sales supply chain in home appliances industry.

SME retail firms are organisations that have limited resources and skills, such a situation represents a major challenge when process after-sales within a supply chain. In order to create a competitive advantage, SME retail firms require to manage relationships with consumers and suppliers while processing after-sales in the appliances industry. Managing downstream and upstream relationships is dependent on available resources in the local market. Local market resources include: demand condition in the home appliances industry; the nature of competition in the same industry; the nature of retailing of the home appliance industry and factor condition (Porter, 1990; 1998). Furthermore, SME retail firms need to enhance their capabilities to use such resources (Andersen, 2011).

Resource deployment corresponds to relational view while processing after-sales services within ASSC. Though it has been argued that, managing

communication amongst actors of the ASSC is prerequisite for the creation of relationships, adopting specific method of communication is embedded by organisational culture and broader societal culture in a specific market. Social and cultural variable in established and emerging markets determine the adoption of the communication method and adoption of IT while processing after-sales within the ASSC. The same cultural and social factors also shape the resistance towards the adoption of a communication method and IT within the ASSC. In order to create a competitive advantage for SME retail firms and to increase trend towards the development of a sustainable model of the after-sales service supply chain (ASSC).

Therefore, the research will be concentrating on the following elements:

1. Addressing resources and capabilities SME retail firms need to use while processing after-sales;
2. Exploring why SME retail firms need to employ relational view ,to create value chain and to manage upstream and downstream relationship;
3. Addressing the impact of cultural variables on the creation of relationships and the adoption of the communication method within the after-sales supply chain;
4. Addressing how SME retail firms use a suitable method of communication that leads to the creation of a competitive advantage in emerging markets;
5. Consider the impact of organisational culture and broader societal culture while creating relationships and adopting a communication method within both sides of the ASSC.

## **1.4 Retailing of Home Appliances in the Egyptian Market**

Egypt was chosen to represent emerging markets because Egyptian market has many advantages. These advantages may drive the formation of the after-sales services supply chain in the home appliances industry for small-medium retail firms. Advantages available in the Egyptian market include, the

economic environment such as size of population; economic growth; demographic change and urbanisation. All these elements would determine customer's demand in the Egyptian market (Bilgin et al, 2004; Alon, 2006; Kouznestov, 2009; Redman & Sai, 2010; Ichii et al, 2012). More specifically, there are some factors that have a direct effect on the demand of the home appliances. First of all, demand of home appliances is strongly related to macroeconomic factors and affected by economic crisis (Euromonitor International, 2011). GDP performance, for example, determines the volume sales of home appliances (Euromonitor, 2010; Euromonitor, 2011).

Secondly, demand of home appliances is also, influenced by some exogenous variables, namely, unemployment; saving ratio; consumer lending and the number of new dwellings completed in a specified period (Euromonitor, 2010; Euromonitor, 2011). In the January revolution for instance, consumers in the Egyptian market were price sensitive in terms of demand home appliances (Passport, Euromonitor International, 2012).

In the home appliances sector, economic crisis or the influence of exogenous variables affect consumers' demand and as a result, influence competition strategy in terms, of selling appliances and associated after-sales. In order to overcome the decreasing of demand, retailers offer instalments and quantity promotion (Euromonitor International, 2010; Euromonitor International, 2011).

There are many forms of distribution of home appliances in the Egyptian market. These distributors include: national brands and main distributor of international brands. Some of these distributors are agents of international brands including manufactured and semi-manufactured appliances such as: El Araby group; Universal group; Olympic group and Bahgat group (Euromonitor International, 2011).

In the context of the home appliances industry, there are two main forms of retailing. They are store-based and non-store retailing. In the Egyptian market, store-based retailing has more dynamic growth comparing to non-store base retailers. Store-based retailing comprised big, small and medium

independent retailers. Big retailers are sole distributors and importers of some international brands such as: B-Tech that has its national network outlets which provide after-sales services for all international brands sold at their outlets.

Other forms of home appliances distribution are international players that, operate via their own hypermarkets and supermarkets such as, Carrefour. These big international retailers have large distribution channels, huge promotion offers and a strategy of targeting middle and high income group of consumers (Euromonitor International, 2012). The presence of international players, rising mall culture and the existence of distribution channels of home appliances may represent a challenge for small- medium retail firms. SME retail firms that have limited financial resources may struggle to use strategies which are used by big retailers. Unlike big retailers, SME retail firms in Egypt don't have services centres to process after-sales or to deliver spare parts. Furthermore, they are not able to offer incentives such as: promotion; instalments and other incentives that big retailers use.

In this intensive competition, the adoption of relationships is vital during the process of after-sales and represents an important element in creating a competitive advantage for SME retail firms. This requires adopting communication method that suit social and culture variables in the Egyptian market. Therefore, the topic of adopting after-sales as a method of creating a competitive advantage for SME retail firms in the Egyptian market was chosen as the focus of this research.

The researcher focused on addressing the structure of the retailing of home appliances in the Egyptian market, in order to propose a sustainable framework of the ASSC for small-medium retail firms in emerging markets. However, because, this research aims to provide cross-culture comparison (impact of culture on the creation of relationships amongst actors of a supply chain), the researcher provide some relevant information and reports regarding the UK. This includes, nature of the distribution channel in the UK



and the communication method is used within after-sales supply chain, as it can be seen in (appendix 6).

## **1.5 Structure of the Thesis**

Chapter 2 discusses the theory of a competitive advantage and the supply chain related to SME retail firms. It also examines how SME retail firms use the available market environment in the creation of relationships while processing after-sales in the home appliances industry in emerging markets. In this chapter the researcher explores the impact of organisational cultural and broader societal culture on the creation of relationships and the formation of the ASSC in emerging and established markets. The last part of this chapter introduces the model of the ASSC and explains the role SME retail firms can play in creating a competitive advantage while processing after-sales in both sides of the ASSC.

Chapter 3 addresses the research methodology, the researcher has used in this study. In this chapter the theoretical perspective and philosophy of this research is explained. The research strategy has also been presented. The sources of data and methodological approach adopted for data collection are explained. Finally, the validity of adopted approach is discussed in chapter three. Chapter 4 explains the general conditions of the home appliances industry and after-sales in the Egyptian market. In this chapter background to the retailing of home appliance is discussed. Furthermore, this chapter exhibits distribution formats and types of retailers are used in the Egyptian market. The final part of chapter four explains to what extent SME retail firms use available resources in creating a competitive advantage in terms of after-sales in the home appliances industry.

Chapter 5 presents the analysis of data collected by the interviews and participant observations in both the Egyptian market and the UK market. In order to analyse the interviews and observations the inductive approach is used in this research. Thematic analysis is adopted in this study by categorising the responses of interviews and participant observations.

Chapter 6 contains the discussion and interpretation of evidence emerged from analysis of multiple sources. This includes evidence from interviews, participant observations and reviewed literature. A table of cross-referencing evidence has been created to provide concise and comparison of evidence. Chapter 7 comprises the final conclusions of this study. This includes: the limitations of this research; the significance of the research and suggestions for further research.

## **1.6 Conclusion**

In this chapter researcher explained the general background of this thesis. Researcher aimed to contribute to research debate in term of the creation of a competitive advantage for SME retail firms by suing after-sales in home appliances industry in emerging markets. In this chapter a research topic and the research context has been explained as well.

Generally, this research focuses on the role, SME retail firms play on the creation of relationships in both sides of the ASSC. Furthermore, in this chapter researcher gave a background about RBV and why this theory would not be applicable for creating a competitive advantage for SME retail firms. The researcher suggested the relational-view or resource-based school of relationship strategy and variables of demand diamond to be used for creating a competitive advantage for SME retail firms while they process after-sales in emerging markets.

The impact of cultural variable on the creation of relationship and adoption of specific communication methods has been examined in this chapter. Aims, objectives and research questions that have arisen also explained in this chapter. Finally, the researcher clarified the structure of the thesis. In the next chapter, the researcher will review the literature and criticise all the relevant theories and frameworks of the after- sales supply chain, relationships, communication methods and the cultural aspects of the supply chain.

## **Chapter Two**

### **Literature Review**

#### **2.1 Introduction**

The aim of this chapter is to review the literature, regarding the creation of a competitive advantage for small-medium retail firms, by using after-sales within a stable supply chain in the context of home appliances industry. In this chapter the researcher will review and criticise literature related to the creation of complete advantages for SME retail firms, in emerging markets, in the context of home appliances industry. This will be achieved by examining the theory of relationship marketing within after-sales supply chain; resource-based view; demand diamond and communication methods within after-sales supply chain. The impact of societal culture on the creation of relationships and adoption of communication methods between SME retail firms, and other participants of after-sales supply chain, will be explored.

#### **2.2 After-sales Services within the Supply Chain**

In the context of home appliances, the management of after-sales services is an important element in the creation of competitive advantage. This is because after-sales is related to distribution functions of physical appliances beyond the purchase of appliances. The aim of the integration between appliances and after-sales, is to reduce delivery time of appliances and associated after-sale services, such as maintenance, repairs, spare parts and other components of after-sales services. However, in order to deliver a reliable after-sales and cost effective of after-sales, SME retail firms need to consider some elements while they process after-sales within the supply chain.

Namely, demand condition of after-sales; nature of competition. In particular, market elements are related to home appliances industry and factor condition (Porter, 1990; 1998). In addition to this, there are factors that affect the

process of after-sales within the after-sales supply chain and influence the relationships among participants of an after-sales supply chain. These factors include social and cultural factors (Leonard et al, 2009). Societal culture, in a specific market, has impacted on the behaviour of participants in both sides of the after-sales supply chain.

On the demand side, the relationships between retailers and consumers can be influenced by national culture in a specific market. This would be reflected on the method of communication between retail firms, and their consumers, during the process of after-sales. On the supply side, the broad national culture would affect the relationships between retailer and suppliers. This is because organisational culture is embedded in societal values, and understanding, during the communication between retailers and suppliers (Danisman, 2010). More specifically, national culture would define communication methods between retail firms and their suppliers (Leonard et al, 2009). Social and cultural variables also could influence the adoption IT in processing after-sales.

### **2.2.1 After-sales Services as a Concept**

As a term "after-sales service" has been described as activities that firms deliver to consumers after the purchasing of a product. "After sales services" are also sometimes called aftermarket (Cohen et al, 2006a), customer support and technical support and service (Goffin & New, 2001), product support activities (Loomba, 1998) and product-support services (Kotler et al, 1999).

In spite of the variety of after-sales services' terminology, the essence of after-sales activities is related directly to consumers and, involving long-term relationship between service providers and consumers. This relationship usually intensifies after the purchase of appliances (Levitt, 1983). In the literature, the term of "after-sales services" has been approached from two different perspectives.

Firstly, after-sales may represent one of several elements small-medium retail firms offer to their consumers. Secondly, from the perspectives of tangible



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products, after-sales are considered as operative activities that retail firms process after the purchasing of appliances. These activities include delivery, installation, the product-related training, the hot line, repair service and recycling process (Rigopoulou et al, 2008).

However, in the retailing of the home appliances, the "product-installed base" can be distinguished from the "installed base services". The former refers to the total number of products under use currently. The latter is related to the total offer of appliances and associated after-sales that consumers require over the product life cycle (Oliva & Kallenberg, 2003). From this perspective, the relationship between retail firms and consumers intensify after the purchase of appliances and, extend to cover the whole appliance life cycle.

As Goffin (1999) and Goffin and New (2001) agreed, after-sales services comprise seven elements. These include: installation; maintenance; user training; documentation; maintenance and repair services; on-line support; warranty and product upgrading. Therefore, delivery is the first element of after-sales that embodies elements of interaction between retail firms and consumers.

Although, in some cases, consumers themselves can install appliances. Installation may represent an important element of after-sales service that follows the purchase of appliances because, the installation of appliances may offer opportunity for personal interaction between SME retail firms and consumers. Such personal interaction, and direct contact, would allow retail firms to build good and long-term relationships with consumers. This requires SME retail firms to address the demand of different segmentation of customers and, meet the demand of each group in terms of installation.

Maintenance and repairs are other elements of after-sales which may represent other important elements of contact between retail firms and consumers after-sales services. However, the nature of product would define the strategy of maintenance and repair. Home appliances, for example, have been characterised as high fixed cost, and low variable cost, which make the

repairable strategy suitable for such products (Lele, 1997). Home appliances have been characterised as an expensive product and consumers seek support during the usage of the product. From this perspective, maintenance and repair would represent methods of differentiation and creating competitive advantage for SME retail firms in local market.

SME retail firms, that have limited resources, can invest in after-sales as a method of competitive advantage. SME retail firms can deliver different components of after-sales that meet consumer's demand in a specific market. For example, an extended warranty became an important topic in recent literature.

An extended warranty can represent form of after-sales where retail firms cover maintenance, replacement or repair over a limited time period; with extra cost. Therefore, extended warranty can represent an element of differentiation and creation of competitive advantage (Maronick, 2007).

Some articles handled "extended warranties" in established markets such as Albaum and Wiley (2010), Maronick (2007), Heese (2012), Chen et al (2009). Both articles of Maronick (2007) and Albaum and Wiley (2010) assessed consumer perceptions of extended warranties. Chen et al (2009) have also examined how retailer action influences the purchase of extended warranties in terms of promotion. Heese (2012) discussed the role the retailer plays in purchasing extended warranties that manufacturers offer. However, the topic of extended warranties, which is discussed in these articles, indicated that the importance of after-sales, in a retailing context, is evident in an established market.

Generally, in literature, there are limited articles that discuss the consumer behaviour in terms of purchasing home appliances, in emerging markets, such as Erasmus et al (2005), Subrahmanyam and Gomez-Arias (2008), Gothan and Erasmus (2008) and Sonnenberg et al (2011). Erasmus et al (2005) addressed the inexperienced consumers' choice of appliances purchasing decisions; excluding the after-sales element. Gothan and Erasmus (2008)

and, more recently Sonnenberg et al (2011), have focused on a downstream relationship by addressing the impact of in-store service on making purchasing decisions. This article did not address after-sales service as an element affecting consumer purchasing decisions. Subrahmanyam and Gomez-Arias (2008), addressed the impacts of culture on building social capital in emerging markets. This article however, focused on low-income consumers or so-called bottom of pyramid consumer.

Delivery of spare parts became an important topic in logistics and supply chain management (Farris et al, 2005). The delivery of spare parts, or the so-called "aftermarket support", represents another point of the relationship and communication between retail firms and consumers. However, in order to meet consumers demand regarding delivery of spares parts, small-medium retail firms need to build relationship and cooperate with their suppliers. From this perspective, inter-firm relationships represent the foundation for the process of after-sales and the delivering of spare parts.

In general terms, in the context of home appliances industry, after-sales services would be an important element that reduces consumers' perceived risk. Loomba (1998), Goffin and New (2001), Gaiardelli et al ( 2007) agreed that after-sales services can be consider as an assurance of resolving any trouble consumers face in the usage, and disposal, of appliances. After-sales services also consider as one of the important methods in building relationships between retail firms and their consumers (Levitt, 1983). On the other hand, supplying and delivering after-sales require inter-firm relationships (supply side of after-sales supply chain) within upstream relationship.

### **2.2.2 The Concept of Supply Chain**

Supply chains generally refers to managing the total flow of product and associated after-sales from supplier to the end customers (Cooper & Ellram, 1993; Cigolini et al, 2004; Emmett & Crocker, 2006). In literature, it is evident that global competition became aggressive. Customer's demand also decreased. Established markets have also witnessed the advance of the technological edges (Pezzotta et al, 2007; Liu & Kumar, 2011). These factors

necessitate retail firms to build relationships with consumers, as well as with suppliers, while processing after-sales. From this perspective, supply chain became an important element for the creation of competitive advantages for retail firms and other participants of the supply chain.

The importance of the supply chain refers to three reasons. Namely: the reduction of the cost of inventory; the creation of competitive advantages and increasing customer satisfaction (Cooper & Ellram, 1993; Mentzer et al, 2011). More specifically, after-sales have been classified as a "business network process" (Saccani et al, 2007). According to this classification, after-sales have direct impact on firms' performance and on the creation of competitive advantage. In addition to this, these activities require the involvement of retail firms and other participants of the supply chain.

Since SME retail firms, with their limitation resources, could not manage inventory system or afford cost of inventory. SME retail firms may also face challenge in processing after-sales within a supply chain. SME retail firms, for example, lack some physical assets that include repair-depots, service centres in different geographic locations and service engineers (Grant, 1991; Cohen et al, 2006b). Therefore, the alternative resource SME retail firms could use is the so-called "relational resources" (Srivastava et al, 2001) or "relational view" (Cao & Zhang, 2011).

For SME retail firms the relational resources would represent an important element for the creation of competitive advantage. This is because a relational resource is not easily transferred to other supply chains/ networks (Dyer & Hatch, 2006). In other words, relational resources are related to local market conditions in terms of society and culture. The theory of supply and demand presumes that the transaction of after-sales is dependent on human interaction between the supply side and demand side (Levitt, 1983).

It is widely argued, that the aspect of supply chain management requires integration of supply and demand chains within, and across, firms (Mentzer & Gundlach, 2010; Hilletofth, 2011). Based on this argument, and in order to



create competitive advantage, SME retail firms need to create relationships with consumers and coordinate with their suppliers while processing after-sales within a stable supply chain. The creation of downstream and upstream relationships may require adopting a suitable communication method that links the demand side and supply side.

However, buyer-seller relationships or the so-called "dyadic" approach of relationship, may not capture the value chain relationship (Eng, 2005). The concept of relationship needs to be extended beyond dyad relationship. The alternative approach of relationship between the supply and demand side, need to include customers' and suppliers' relationships (Cox et al, 2004; Eng, 2005; Martino & Morvillo, 2008; Chen & Hsieh, 2008).

From this perspective, after-sales supply chains need to be driven by customer's demand and need to be based on customer relationship management (Mentzer et al, 2011; Herbst & Forrest, 2008; Collin et al, 2009; Piercy, 2009). On the same line, retail firms require cooperation with their suppliers (Ferrer et al, 2010; Cao & Zhang, 2011; Singh, 2011).

The holistic approach of relationships (Cox et al, 2004; Eng, 2005; Martino & Morvillo, 2008; Christopher, 2011) can be a suitable and practical approach that includes all participants of the after-sales supply chain. The after-sales supply chain is a supply chain that connects retail firms with consumers through a downstream relationship. At the same time, it connects retail firms with their suppliers through an upstream relationship.

In a similar vein, Ellram et al (2004) argued that services supply chain consists of different processes which include: customer relationship management, supplier relationship management, service delivery management and demand management. From this perspective, SME retail firms can play an essential role in processing after-sales within an after-sales supply chain by aligning customer's relationship with the supplier's relationship. This role includes appliances distribution and delivering associated logistics of after-sales.



Considering the above components of service supply chain, the intensity of the collaboration between retail firms and suppliers would support and sustain the demand of after-sales (Walters, 2008). Therefore, in order to create a competitive advantage, in terms of after-sales, SME retail firms need to manage the relationship with the demand side along with the supply side.

Once SME retail firms understand customer demand, they can create customer value by delivering low cost, after-sales service. Such customer value is dependent on delivering cost efficient services, result from the relationship management of the supply side (Hilletoft, 2011). From this perspective, an after-sales services supply chain has three participants, namely: retail firms, consumers and main suppliers. Retail firms are a closer and better informed party in terms of demand in after-sales services (Chu & Lee, 2006).

Furthermore, retail firms control the point of purchase and have direct contact with consumers which may enable such firms to increase the revenue stream from after-sales (Heese, 2012). Therefore, retail firms can link demand side of the after-sales services with the supply side in terms of after-sales logistics. Within the after-sales service supply chain, there are two directions of relationships, namely, downstream and upstream relationships.

In literature, it has been argued that collaboration between SME firms and other participants of the supply chain would lead to a collaborative advantage, influencing firms' performance and leading to creating a competitive advantage (Cao & Zhang, 2011). The management of supply chains and the collaboration between the demand and supply side, require adopting inter- and intra-firm communication (Chandra & Kumar, 2000).

However, in order to create a competitive advantage, SME retail firms need emphasis on relational communication and knowledge creation because communication is a method that links the supply side with the demand side. Communication would help retail firms to gain information about consumer demand, and select suppliers who help retailers to meet this demand. On the

other hand, miscommunication, or use of inappropriate communication methods, would lead to a malfunction in the process of after-sales, within the supply chain.

Generally, social and cultural differences would influence the communication process (Leonard et al, 2009). Culture context in different markets would define methods of communication within the demand side and the supply side. Therefore, retail firms need to use appropriate methods of communication that fit cultural variables in emerging markets.

### **2.2.3 The Importance of After-sales for SME Retail Firms**

In recent years, competition in general became aggressive (Liu & Kumar, 2011). The pressure of global competition leads to decreasing of profit from product sales (Gaiardelli et al, 2007; Persson & Sacconi, 2009). The intensity of global competition also affects the demand of products, as demand of products has slowed (Cohen et al, 2006a).

Furthermore, the evolution of cultural, sociological models and rapid advance of the technological edges in mature market, are driving final consumers to focus on after-sales services that meet their needs and requirements during its life-cycle; rather than owning the products (Pezzotta et al, 2007).

The intensity of global competition, and change of consumers demand in terms of after-sales, may subscribe to changing firms strategies in terms of after-sales services. Some firms, for example, started to seek, and exploit, new sources of profit and revenue (Persson & Sacconi, 2009). After-sales have been recognised as a source of revenue and profit (Goffin, 1999; Cohen et al, 2006a; Cohen et al, 2006b).

In the home appliance industry, consumer demand of after-sales has become an integral part of the appliances' sales (Loomba, 1998). This is because the delivery of after-sales, during the product life-cycle, involves the long-term relationship between retail firms and consumers (Levitt 1983; Rigopoulou et al, 2008). The rationale for the integration of after-sales into the appliances offer refers to three reasons which include: after-sales economies; customer

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requirement and competitive arguments (Oliva and Kallenberg, 2003). The following part explains these elements in detail.

### **2.2.3.1 An Economic level of Integration**

In literature, it has been argued that after-sales services could generate four to five times the revenue of the original purchase of the product and often provides profitability higher than product sales, during a certain product's life cycle (Goffin 1999; Saccani et al, 2007; Cohen et al, 2006a; Cohen et al, 2006b; Gaiardelli et al, 2007). Regards to this, a study related to General Motors revealed that \$9 billion in after-sales revenue produced \$2 billion in profits (Dennis & Kambil, 2003).

The economic potential of after-sales services can be noticeable in the home appliances industry, because it is evident that consumers of home appliances require assistance and support to gain maximum value from the purchase of the product during its life-cycle (Legnani et al, 2009). After-sales services, therefore, represent an important determinant of customers' purchase decisions in the context of home appliances.

Extended warranties, for example, represent an element of creating competitive advantage for retail firms in an established market (Maronick, 2007; Albaum & Wiley, 2010; Heese, 2012). This is because retail firms have direct contact with consumers which allows such firms to increase revenue stream from extended warranties.

An extended warranties offer profit margins range between 44 to 77 percent for retail firms. In addition, gross income of retailers reaches around 75 percent (Maronick, 2007; Albaum & Wiley, 2010) and generates around \$15 billion dollars annually (Chen et al, 2009). An extended warranty also ranges over 75 percent on home appliances products (Heese, 2012). This profit margin may account for 18 times the typical margin of the sale of the original products (Heese, 2012).

### **2.2.3.2 Customer Requirement**

Customer requirement, in term of after-sales services, is another reason for integrating product and services. As it is evident in literature, consumer requirement being related to service is steadily increasing, which forces firms to add value for their product (Saccani et al, 2007). Furthermore, the customer needs have increased over the past decade. Consumers' needs, for example, extended from basic maintenance and repairing activities, to include other components of services such as, installation, training, documentation, spare parts supply, upgrading, reconditions and other components (Legnani et al, 2009).

The demand of after-sales regarding home appliances is higher comparing to other products. This is because consumers seek the so called "peace of mind" (Chen et al, 2009). Consumers can request assistance and support at any time during the product life-cycle which ensures a trouble-free use of the product (Goffin and New, 2001). Consumers also need to be assured of immediate after-sales delivery at the desired time (Rigopoulou e al, 2008).

However, there are various factors affecting demand of after-sales and influencing consumers' purchasing decision related to after-sales. These factors include product characteristics; retailers' actions'; the impact of consumers' characteristics (Chen et al, 2009) and consumers' perception of demand on after-sales services such as gender and age (Albaum & Wiley, 2010).

These factors need to be considered when designing an after-sales supply chain, and while delivering after-sales in specific market. Furthermore, retail firms would play an important role in promoting and affecting consumers' purchasing decision in terms of after-sales services (Heese, 2012). Based on this fact SME retail firms can focus on in-store facilitation by employing competent staff.



Such experienced employees provide consumers with information and guide them towards responsible buying decisions. In emerging markets, for example, SME retail firms can affect a consumer's decision more than in an established market because, consumers in emerging markets, consider retail firms as a source of expertise and security (Hofstede, 1980).

### **2.2.3.3 Competitive Advantage**

In terms of competitive advantage, derived from the work of Porter (1980), there are three strategies for firms to compete successfully over their competitors. Namely, low cost, differentiation and focus. In the differentiation strategy, firms seek to be unique in their industry by providing consumers with unique and superior value in that industry.

In the context of retailing of appliances, retail firms could be more able to address consumer's demand of after-sales because retailers have direct contact with high number of end-consumers (Rigopoulou et al, 2008). Appliance, also characterised as product with low variable level of response time (Armistead and Clark, 1991), and consumers expectation of after-sales is between medium to high (Cohen et al, 2006a). From this perspective, the process of the after-sales services would offer value-based consumer-retailer relationship. The creation of long-term relationships with consumers, through after-sales, could offer a suitable method of the creation of a competitive advantage for retail firms.

In a retailing context, Peterson and Balasubramanian (2002), in their extensive work on "Retailing in the 21st century" call for research that determine a way of creating value for retail firms. In responding to this call, Rigopoulou et al (2008) indicated that after-sales services are an important factor to increase consumers' satisfaction. It, in turn, affects behavioural intentions and most important, after-sales affects the quality of the relationship with consumers.

However, the creation of competitive advantage through after-sales is dependent on some element such as firms' competitive positions and the



nature of competition in a specific industry (Porter, 1980). In a highly competitive markets, like established markets, after-sales services would represent a crucial, discriminating element that differentiate one retail firm from its competitors (Asugman et al, 1997; Homburg et al, 2002; Gothan& Erasmus, 2008). Consequently, after-sales would represent a vital element in creating a competitive advantage in markets and industries that have intensive competition; such as, established markets.

Conversely, in none or less-competitive markets such as emerging markets, (Lee et al, 2011) Firms may be motivated by selling products rather than offering after-sales services, because after-sales, in that case, are considered as unnecessary resources to augment the product (Asugman et al, 1997; Homburg et al, 2002). In such markets, after-sales can be considered as extra cost,

SME retail firms need to avoid especially when such firms lack financial resources.

Furthermore, since customers' needs and expectations are different and changing over time in various markets (Lele, 1997), in established markets for example, consumers' emphasise on the need for after-sales rather than owning the product (Pezzotta et al, 2007). Such differences in consumers' requirements would impose a specific strategy of after-sales to be used by SME retail firms in different markets. Consequently, SME retail firms can play an important role in the creation of competitive advantage in term of after-sales. One of the most important roles SME retail firms can play is to explore and understand customer demand regarding after-sales in a specific market.

This understanding would enable such firms to deliver customised solutions by enhancing retailers' capabilities through delivering after-sales services that meet all consumers' requirements (Walters, 2006; Walters, 2008; Collin et al, 2009). In the context of home appliances; consumers in different markets interpret after-sales reliability differently. In established markets, for example, consumers interpret after-sales reliability based on its consistency, dependability and accuracy. Therefore, in these markets, in order to create

competitive advantage, SME retail firms need to deliver responsive and reliable after-sales. On the other hand, consumers in emerging markets are tolerant to ineffective consumer services and after-sales services (Gothan & Erasmus, 2008). Therefore, creating competitive advantage in emerging markets for SME retail firms would be easier than in established markets. To summarise, retail firms in each national /local market would play different roles in creating a competitive advantage through after-sales.

## **2.2.4 The Importance of Culture on the Creation of Relationship**

Hofstede (1994) explained in his work "the business of international business is culture" that in order to manage people' relationships, it is important to understand the background which represents their culture. This culture function can be considered as the driver of people's behaviour and directs the action of their relationships. According to Hofstede (1994), culture can be categorised into a nation, generation, gender or organisation culture. In the context of the after-sales supply chain, upstream and downstream relationships, and adoption of communication methods, are related to two types of culture. Namely, organisational culture and societal culture. Both cultures have an impact on the adoption of the communication method. The following section will explain the importance of organisational culture, and societal culture, on the creation of relationships and on the adoption of the communication methods within the ASSC.

### ***2.2.4.1 The Importance of Organisational and Societal Culture on the Creation of Relationships***

Organisation culture refers to the way employees behave within their organisations. Organisation culture can be classified into formal and informal (Emmett & Crocker, 2006). The formal culture refers to the published and specified mission, goals and rules the employees adopt in a specific company. The informal culture on the other hand, means employees use unspecified values and beliefs. The adopting of unspecified values would cause some contrasts and differences between employees from different organisations.

On the supply side of ASSC, the organisation culture determines the use of either power or cooperation in the relationship between SME retail firms and suppliers. The adoption of a cooperation relationship would balance the power and dependency between participants of ASSC (Salam, 2011). In addition, using a cooperation relationship would help to regulate governance between participants of ASSC.

The adoption of power or imbalanced power on the other hand, by one participant over the other within ASSC, would influence negatively the creation of a long-term relationship (Ferrer et al 2010). In the culture context, Hofstede (1980) argues that cultural variables explain the adoption of a specific level of power between participants of ASSC in emerging and established markets.

According to the survey carried out by the Hofstede centre (2016), the Egyptian society is considered a collectivist society. In the Egyptian (collectivist) society, consumers have a strong relationship with their family, relatives and friends. In the collectivist society, it is expected that a purchasing decision is affected by family and relatives. Furthermore, it is expected that consumers have a relationship with retailers based on the recommendation of their families and relatives. In the Egyptian market, (collectivist), it is predicted that the relationship between retailers, consumers and also with suppliers would take a personal form of relationships, while the process of after-sales within ASSC and would use the personal communication method within the ASSC.

On a practical level, high-power distance or low-power distance society determines the level of power used between participants of ASSC. From the perspective of Hofstede (1980; 1985) and survey of the Hofstede centre (2016) which indicated that Egyptian market -with a score of 70- is considered as high power distance society. Within the Egyptian market (high power distance), participants of ASSC accept and expect distribution of inequality of power. In other words, in the Egyptian market with high power distance, it is expected that any participant of ASSC may use coercive or reward power

over other the participant and such an inequity of power would be acceptable between participants of ASSC (Cagliano et al, 2001; Flynn et al, 2008).

However, In the UK market it is expected that differences of organisational culture would not affect the process of after-sales, nor influence the creation of relationships negatively. In this respect, Rodriguez et al (2006) and Beugelsdijk et al (2009) affirmed that communication, trust and commitment have a strong impact on relationship performance. The justification of this relationship is that in such an individualistic society, people are service-oriented, customer-oriented and participants of ASSC are mostly adopting a cooperating relationship (Hofstede, 1980; Malhotra et al, 2005; Fletcher & Fang, 2006).

The adoption of the communication method is another factor that is influenced by the culture on the supply side of ASSC. In this context Hofstede (1980) argued that cultural characteristics have an impact on the action of the participants of ASSC. Hofstede also (1980) explained that, in the collectivist society, people tend to use personal contact methods and personal relationships. Furthermore, Hofstede (1980; 1985) argued that people in high uncertainty avoidance tend to resist that change towards the adoption of IT as a method of communication within the ASSC.

According to these arguments, participants of ASSC in the Egyptian market would prefer to use personal contact and also resist the adoption of non-personal communication methods and would resist the change towards the adoption of IT as a method of communication within the ASSC.

The impact of an organisational culture could be more complex in an international context. This refers to the influence of each actor's original culture on the creation of relationships and the formation of a supply chain (Fletcher & Fang, 2006). The embeddedness of each party, in its national culture, would influence expectations and behaviour and consequently, would influence the satisfaction with business relationships (Voldnes et al, 2012).



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Within the ASSC, culture differences between SME retail firms and international suppliers would affect the adoption of a communication method. This includes communication between SME retail firms and their suppliers within the process of after-sales and promotion methods as well. Hofstede (1980) argued that cultural characteristics such as individualism/collectivism, high/low uncertainty avoidance and low/high power distance would affect the adoption method, promotion method and the adoption of IT between SME retail firms and suppliers within ASSC. It has been argued that in collectivist societies such as Egypt, people use personal relationships (Danisman, 2010) whereas in individualist societies such as the UK people relatively utilise technology (Malhotra et al, 2005).

The differences between the Egyptian markets and the UK in terms of the impact of culture on the adoption of communication methods within the ASSC, may refer to the impact of broader societal culture in both markets. Uncertainty avoidance can be considered as an important element on the adoption of communication method within ASSC. Uncertainty avoidance refers to the extent to which members of culture resist ambiguous or unknown situations. In this context, the participants of ASSC would resist using IT while they communicate as they process after-sales. In the Egyptian market-which scores 80 of uncertainty avoidance (the Hofstede centre, 2016) - it is expected that the societal culture shapes the resistance to change towards the adoption of IT. This agrees with Bourdieu (2000) and Reay (2004), who argued that habitus constitutes resistance to change towards using IT within ASSC.

It can be concluded that the broader societal culture in the Egyptian market, and in the UK market, has a stronger impact on the creation of relationships amongst the participants of ASSC. The broader societal culture also has a stronger impact on the adoption of a communication method within ASSC. Furthermore, it can be concluded that broader societal culture determines the organisational behaviour in terms of relationships and the process of after-sales within ASSC.

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The key lines in this section highlighted the differences between the Egyptian societal culture and the UK societal culture. This section also explained the differences between the impact of the Egyptian culture and, the UK culture in the creation of relationships and the adoption of the communication method including organisational culture and broader societal culture. According to previous discussion, it can be concluded that the broader societal culture has a stronger impact on the creation of relationships and on the adoption of a communication method within the ASSC in the Egyptian market and the UK market.

In order to clarify the importance of a broader societal culture and, the organisational culture on the adoption of a communication method and, on the creation of relationships within ASSC in both markets the researcher extended the framework of Hilletofth (2011) as it can be seen in figure (1) below. The researcher added a cultural element to this framework; as can be seen in figure (7) at the end of this chapter. Within ASSC (that the researcher adapted and developed), the researcher addressed the impact of organisational culture and broader societal culture on the creation of relationships amongst the participants of ASSC. The researcher also addressed the impact of organisational culture, and broader societal culture, on the adoption of communication method with the ASSC.

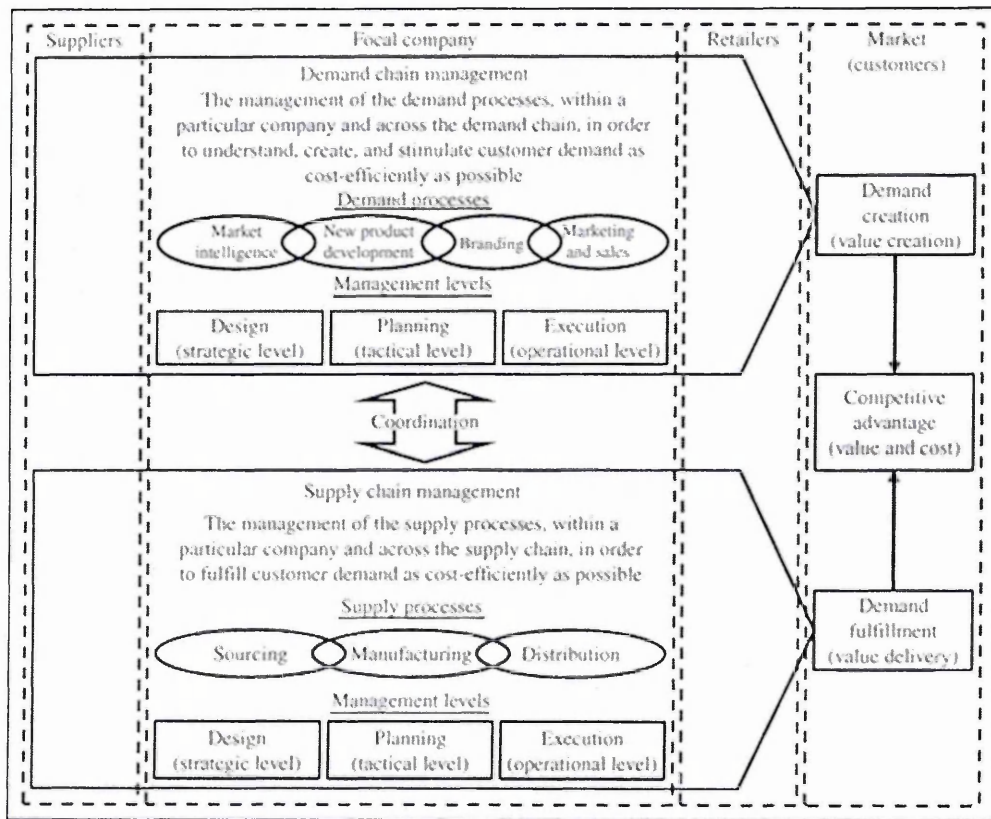


Figure 1 Demand-supply chain management (Source: Hilletoft, 2011)

### 2.2.5 The Characteristic of Home Appliances in Different Markets

Home appliances are described as complex, durable and expensive commodities where consumers' post purchase dissatisfaction revolves around the failure of appliances functional performance (Donoghue et al, 2011). Furthermore, the purchasing decision regarding home appliances is considered as a high-risk decision. This fact may create a considerable amount of confusion, and tension, for consumers when they purchase appliances and associated after-sales services (Gothan & Erasmus, 2008).

As it can be seen in figure (2), home appliances can be classified as relatively high fixed cost and low variable cost, which make repairable strategy as a suitable strategy of home appliances (Lele, 1997). In this case SME retail firms can play an essential role in processing after-sales that meet consumers demand in national context. This strategy would represent an important element to reduce, or minimise, consumer's risk. SME retail firms can play role in adopting suitable communication method with consumers. Such a

communication method, would strengthen the relationships between retail firms and their consumer.

Consumer demand, related to home appliances and after-sales, can be influenced by various factors within different markets. It has been argued that consumers' choices of home appliances are influenced by "what an appliances can mean" (Solomon et al, 1999) which means consumer purchase decisions may be taken based on appliances' status value, rather than its function (Donoghue et al, 2011). Others have argued that consumers' purchasing decision in home appliances is influenced by durability and running costs (Sonnenberg et al, 2011). Donoghue et al (2011) also argued that after-sales would increase trust of product and gives indication for durability which decreases consumer's perception of performance risk. However, generally, consumer perception of customer services dimensions, and service quality, are different between emerging and established markets (Malhotra et al, 2005).

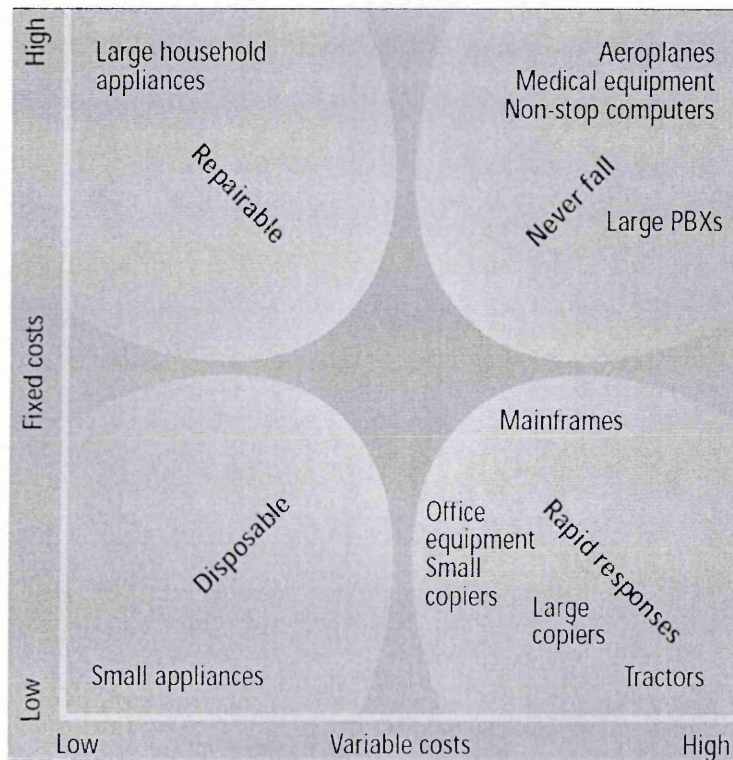


Figure 2: Classification and strategy regarding home appliances (Lele, 1997)



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Consumers, in collectivist's societies of emerging markets, differ from consumers in established markets in many aspects. Firstly, according to Hofstede (1980), consumers in collectivist societies consider a service provider as the source of expertise and assurance for the provision of after-sales.

From this perspective, SME retail firms can invest at this point by building personal relationships with consumers through in-store staff, who provide information about appliances and associated after-sales. This argument has been confirmed by Gothan and Erasmus (2008) who affirmed that consumers in emerging markets rely more in salespeople, have lower quality expectation and are more tolerant to ineffective services. Secondly, Birgelen et al (2002) and Malhotra et al (2005) argued that consumers in emerging markets prefer to use personal contact modes of after-sales, with emphasis on personal or high touch as a reliable elements of service. Therefore, in order to create competitive advantage, SME retail firms need to adopt personal contact, or face-to-face contact, when they communicate with consumers.

Finally, in collectivist societies of emerging markets, information and recommendations obtained from friends, families are more trustworthy (Subrahmanyam & Gomez-Arias, 2008; Donoghue et al, 2011). Therefore, SME retail firms need to create personal and strong relationships with consumers and the local community. Creating credible, and long-term, relationships between SME retail firms, and their consumers, would help firms to meet consumers' needs in more personal way (Jardine, 2008).

This, in turn, would help SME retail firms to satisfy different segmentation of consumers in emerging markets. There is wide recognition that satisfied consumers can be a vital method of promotion through word-of-mouth communication. From this perspective, when SME retail firms satisfy their consumers in terms of processing after-sales, and adopting suitable communication methods. This would help such firms to create competitive advantage against their competitors in the same market.

Based on the difference existing between established, and emerging, markets related to customer services and service quality, retail firms, in both markets, can play an essential role in creating a competitive advantage by offering tangible elements of after-sales. Furthermore, SME retail firms need to use communication methods that reinforce the relationship between retail firms and consumers. Adopting communication method must also fit national culture in emerging markets.

## 2.3 Review of Research into After-sales for Home Appliances

Table (1), presents a list of papers that deal, to some extent, with the configuration of after-sales services supply chains. These papers report results from empirical research and, in some cases, provide frameworks and guidelines for supply chain configuration. However, some papers that deal exclusively with after-sales strategy or the definition of the product-service offer such as Levitt (1983), Oliva and Kallenberg (2003), Dennis and Kambil (2003), Mathieu (2001), are not listed in the Table (1) because they do not address the supply chain configuration in term of after-sales services.

Author(s)	Empirical research	Main topics	Main aspects and findings
Loomba (1996)	Two cases studies in computer industry (1996).	Vertical integration of product distribution and service support( after-sales services)	Direct relationship between customisation and centralisation of product distribution and after-sales services and vice versa.
Loomba (1998)	Survey with 393 manufacturing computer firms(1998)	Vertical integration of product distribution and service support( after-sales services)	Product distribution and after-sale service Support strategies are closely linked together.
Goffin (1999)	Five case studies in different industries: telecommunications, car industry, vending machines, aircraft and domestic appliances.	Vertical integration of product support activities(after-sales service distribution channels)	Customer support plays in key role in various industries. Furthermore, there are five drivers for identifying distribution channels: the configuration of supply channel, product characteristics, desire to get revenue, control over service quality and costs of creating direct distribution channels
Nordin (2005)	Case studies in America and Europe (mechanical, software, hardware and consumer goods)	Vertical integration of after-sales service distribution channels. Contracting, ordering, and expediting.	Maladjusted configuration of after-sales support supply chain are compensated through enforced governance mechanisms of customer relationship and relationship with the service channel
Amini, Retzlaff-Roberts and Bienstock (2005)	Case study in international manufacturer of medical diagnostic systems	Design a reverse logistic and repair operation: number of location of spare parts warehouses, inventory level, number of repair centres and	Case study demonstrated the mathematic models help to process reverses logistic operation effectively and profitably.

		allocation of customers to these service centres	
Armistead and Clark (1991)	Case studies (computer, consumer goods, capital goods, white goods)	Vertical integration of product support activities (after-sales distribution channels)	Service volumes and control in-house influence the alternative of structure of vertical integration of the after-sales service. Product life cycle influences the after-sales configuration.
Beier and Ardishvili (1995)	Survey with private retailers, state-owned retailers and foreign-owned retail companies	Develop distribution channel infrastructure and achieve distribution economy for appliances	Some factors in Russian market led to obstruct the development of channel relationship such as, physical infrastructure, inefficient legal institutions, and shortcoming of bank structure and lack of trust between parties.
Cohen and Whang (1997)	Developing a product life-cycle model	Model aims to study the relationship between product price and after-sales service levels	This model is applied to support the evaluation of alternative product design in consideration of the trade-off profit from product sale and from provision of after-sales services
Persson and Saccani (2009)	Case study in one of the world's leading manufacturers of spare parts and second European warehouse.	Managing spare parts network between manufacturer and their consumers.	The classification of spare parts is a very important lever for an effective management of the after-sales logistic network.
Farris, Wittmann and Hasty (2005)	Review paper in aerospace industry	Managing aftermarket support practices and implications for Aftermarket supply chain managers	The importance of implementing technology, visibility, and various forms of relationships in the aerospace and defense aftermarket.
Gaiardelli, Saccani and Songini (2007)	Two case studies of Automotive industry	Proposing an integrated framework for the after-sales network performance measurement	The performance measurement systems of different supply chain actors should be aligned to achieve strategic consistency.
Legnani, Cavalieri and Ierace (2009)	Three case studies in the industrial context (machine manufacturing, American multinational in high-tech industry and Japanese multinational company in electronics industry)	Provide a comprehensive operation model of the AS service processes and activities that links different customer supports with product characteristics	Proposed model allow enterprises to relate their AS strategy to their tactical and operational assistance processes according to the service operations and characteristics products. Furthermore identifying the key processes to handle to achieve a sustainable competitive advantage.
Markeset and Kumar (2003)	One case study (large industrial company)	Analysis some issues (reliability, availability, maintainability, and supportability) related to product support and services delivery strategies of manufacturing company	Study emphasizes that the strategy for product support should not be centred only on "product", but should also take into account important issues such as the service delivery capability of the manufacturers, service suppliers, and the capability of users' maintenance organization.
Saccani, Songini and Gaiardelli (2007)	Multiple case studies (three companies belong to industrial sector: automotive, domestic appliances and IT and consumer electronic in Italy)	Analyse the role of after-sales services in manufacturing contexts and the related after-sales performance measurement systems	There is orientation to improve company image, customer satisfaction and retention. The measurement systems in all firms are quite simple and short-term oriented. The measurement of non-financial performance emphasises effectiveness rather than efficiency.
Saccani, Johansson and Perona (2007)	Multiple case studies (seven companies of household appliances, heating,	Analysing the configuration of after-sales service supply chain for manufacturing firms	Choices of configuration influenced by drivers include attractiveness of the after-sales, strategic priorities, characteristics of the physical product,



	power tools and Consumer electronics industries)		the services offered, and the configuration of the distribution supply chain.
Cohen, Agrawal and Agrawal (2006b)	Review paper based on extensions of methods developed in the military and in high technology industries.	Using resource for managing service supply chain, suggest model of dynamic asset deployment by enhancing firm's capability	Design and deliver service products to meet consumers' commitments, using feedback from field experience to influence product designing for serviceability and service-delivery processes. Optimizing decisions concerning the capacity, location, and capabilities of the resources in fulfilling service demands. Using integrated decision-support tools by linking asset management and execution systems related to service-related transactions. Firms should design their service-supply chains to achieve their service strategies, determining the appropriate mix of providers to support flexible and efficient response mechanisms. This system relies on an IT infrastructure that provides real-time visibility into relevant data throughout the Service network.
Fletcher and Fang (2006)	Researcher used a conceptual approach	Assessing the impact of culture on the formation of network and studying the impact of culture on the creation of relationship in Asian markets	Asian markets culture can be better understood on the basis of cultural groupings than on politically defined and artificially created national boundaries. The assessment and comparison of cultural differences and similarities in Asia can be Conducted by using an "enlarged" emic approach. Given the idiosyncratic nature of relationships.
Maronick (2007)	Survey with 101 consumers who had purchased a computer, major appliances, TV or stereo in past two years	Study examines consumer perception related to an extended warranty, specifically the length of the warranty contract using a mall-intercept method	The results show that a majority of consumers misconstrue the retailer's "4-year" extended warranty as providing four additional years of coverage beyond the manufacturer's warranty.
Chen, Kalra and Sun (2009)	Survey with 107 consumers in one retail firm	Examining the consumer purchasing of extended service contact from retailers, and addressing the influences of product characteristic, marketing actions of retailers and consumer characteristics on the purchasing of extended service contracts (ESCs).	Women are more risk averse than men, women are more likely to buy Low-income consumers are more likely to purchase ESCs than high income does. Consumers who have purchased service contracts in the past are likely to do so again in other product categories in the future. The impact of retail environment on ESC sales. Promotions of retailers increase the likelihood of purchasing ESCs, because there may be a psychological increased income effect realized from savings.
Albaum and Wiley (2010)	An internet-based survey of large sample of consumers was conducted in the US. The total of respondents who completed the questionnaire were (1,686) that represent a 17.7 percent completion rate.	Study aims to assess consumer perceptions of extended warranties that are marketed by the manufacturer for an independent service provider as applied to the purchase of a computer by mail catalogue, telephones ordering, or the internet	Study found that a large majority of consumers misconstrue the time period covered by an extended warranty offered by retailers. While the extended product warranty is promoted by those selling them as an extension of the durable consumer good manufacturer's original warranty.



Kurata and Nam (2010)	Developing model of supply chain of after sales service, this model sets up on two customer segments	Analysing whether the after-sales service offered by manufacturer and retailers in maximising their profit is equal to after-sales that satisfy consumers	There is discrepancy between the equilibrium after-sales level decided by the retailers and the manufacturer and the optimal after-sales level in term of customer preference. The equilibrium after-sales levels do not guarantee the optimal ones that can perfectly satisfy customers.
Heese (2012)	Developing model to determine and analyse optimal manufacturer and retailer strategies In term of extended warranty. Using a two-dimensional spatial model assuming there are two manufacturers who sell two competing product through same retailer	Retailer strategies for extended warranty sales and the impact on manufacturer based warranties	Retailers can often increase profits by supporting customer when they purchase home appliance (by posting information regarding the extended warranty). However, when retailers offer home appliances with the lower-warranty, the manufacturer is substantially more attractive to the consumers in terms of other products' Characteristics and their retail price. In this case the retailers can offer an extended warranty sales so that they decrease the value of a manufacturer's potential warranty-cost advantage which lead to downward pressure on the manufacturers base warranties, manufacturers try to reduce their warranties compared to the base case without extended warranty sales
Asugman, Johnson and McCullough (1997)	Test a conceptual framework relating to internationalisation and after-sales service, through a survey of 340(mail questionnaire) manufacturers that export audio and video equipment	The role of after-sales service in international marketing, test the relationship between internationalisation, importance of after-sales offering in international market, and investigate level of market competition, relative product quality, marketer power in foreign distribution channel as a moderators in relationship between AS and actual offer of AS in foreign market.	Firms that involve in internationalisation understand the role of AS in international activities. Three elements moderate the relationship between the importance of after-sales and actual level of after-sales offered in international market these are: competition, if competition is intensive firms provide higher level of after-sales. Quality of product, firms use after-sales with highly quality of product. The power of firms over intermediaries to provide after-sales to the end consumers.

Table 1: A review of literature on after-sales service supply chain configuration

### 2.3.1 Discussion to the Literature of After-sales Supply Chain Reviewed in the Table Above

The first set of papers in the above table, focuses on the level of vertical integration regarding to the provision of the field of technical assistance (Armistead & Clark, 1991; Loomba, 1996; Loomba, 1998; Goffin, 1999; Nordin, 2005; Amini et al, 2005). These authors state that there are different drivers that influence the choice of the level of vertical integration. The first driver of vertical integration is volume of services and the required level of control in-house (Armistead& Clark, 1991). Loomba (1996, 1998) sees that the existing distribution channel(s) and the product substitutability drive the

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vertical integration. High-substitutability or low-substitutability determines the strategy of centralising or decentralising product distribution, and, after-sales services. In a high-substitutability environment for example, decentralised product distribution, and an after-sales support strategy, would be a suitable strategy.

The second driver of vertical integration is the desire to earn direct revenue through after-sales, the cost of creating direct distribution channels and the required degree of control over customer support quality (Goffin, 1999). From this perspective, distribution channel of after-sales would influence consumer perceived quality of after-sales. Therefore, the choice of after-sales support channel is an important decision for example: direct channel can be a high cost choice but generates more revenue and offers opportunities in creating a competitive advantage.

The final driver of vertical integration, is the development of the economy. In established markets, there is tendency to use vertical integration and adopting direct distribution (Lorentz et al, 2007). The implementation of vertical integration, and direct distribution, may represent challenge for small-medium retail firms in emerging markets. This is due to two reasons: firstly, SME retail firms lack the resources and skills to adopt integration and use direct distribution of after-sales within supply chain; secondly, contextual variables, that include economic, social and cultural factors, would influence the creation of the relationship amongst actors of the supply chain and the formation of a supply chain.

Referring to the above factors of vertical integration between product and after-sales services, these factors may give unclear or contradictory suggestions. Such suggestions may lead to the so-called "maladjusted". In order to compensate for "maladjusted", Nordin (2005) suggested that firms need to enhance their internal resources, competency and reinforcing governance mechanism.

Amini et al (2005) also suggested an alternative model of reverse logistic and repair operation. This model defines the number of locations: of spare parts warehouses; inventory level; number of repair centres and customer coverage of field assistance network in case of a diagnostic equipment manufacturer. The aim of this model is to minimise the inventory cost regarding to reverse logistic. However, this model is suggested for international manufacturing companies that have huge resources and capabilities in processing after-sales and reverse logistics. Such a model could not be applicable for SME retail firms that have limited resources and inefficient skills to process this type of activities. With special reference to the differences that exist between emerging and established markets; contextual variables in both markets would affect the creation of relationship and influence the adoption of a specific method of communication within an after-sales supply chain.

One paper focuses solely on developing a physical distribution channel for retail firms (Beier & Ardishvili, 1995). In this paper the authors addressed the impact of the market environment on the constructing supply chain of product, spare parts, such as: physical infrastructure; inefficient legal and legal institutions; inadequacy of bank structure and lack of trust between parties. However, this paper seems to fail to introduce a whole picture of after-sales services supply chains, as it ignored the relationship between retailers and consumers. Furthermore, one element of culture, and the impact of cultural difference, on the creation of relationship were not addressed.

The last set of papers listed in table (1) focus on the role retail firms can play in established markets in terms of extended warranty (Mornoick, 2007; Chen et al, 2009; Albaum & Wiley, 2010; Kurata & Nam, 2010; Heese, 2012). These papers focus primarily on customer perception related to extended warranty, such as the length of the warranty contract(Mornoick, 2007; Albaum & Wiley, 2010), the influence of product characteristic, market action of retailers and consumers characteristics on purchasing the extended service contact(Chen et al, 2009). These papers, however, did not address cultural variables and their impact on the extension of warranty, or the impact of culture on the relationship between retail firms and consumers.



On the other hand, two papers, (Kurata & Nam, 2010; Heese, 2012), suggested strategies for creating competitive advantage for retail firms. The main drivers for creating competitive advantage were customer satisfaction and profit. Both papers however, fail to consider upstream relationships within an after-sales supply chain. In other words, these papers did not address method or technique of relationships that SME retail firms adopt for the creation of a value chain and competitive advantage.

Finally, there is one paper focused on the cultural variables and, their impact on the creation of relationships and their impact on the formation network (Fletcher & Fang, 2006). This paper provides a narrow picture of relationships because it focuses primarily on the Asian markets and Asian culture. The same paper seems to fail to address the impact of culture on the creation of relationships and, the impact of culture on the adoption of communication method in emerging markets.

The paper of Asugman et al (1997) discussed the relationship between after-sales service and competitive advantage in an international context. However, this paper seems to have ignored some issues. Firstly, this paper seems to have ignored the demand side of a supply chain of after-sales. Secondly, it did not discuss the after-sales services supply chain; it focuses on relationship between manufacturers of durable product and their intermediaries (supply side). Thirdly, the paper did not explore the impact of culture on the adoption of a communication method. In other words, this paper did not discuss to what extent intermediaries perceive the relationship with manufacturers and, what the impact of different culture in the creation of relationship within the supply chain.

Models of after-sales supply chain, developed for industrial and manufacturing context, could be ineffective to capture the specifics of retailing of home appliances in emerging markets. This can be identified from the following papers; Markeset and Kumar( 2003); Farris et al ( 2005); Saccani et al ( 2007); Gaiardelli et al (2007); Persson and Saccani (2009); Legnani et al,



2009; Cohen et al ( 2006); Cohen and Whang ( 1997) except Saccani et al (2007).

Previous models may not be suitable for small-medium retail firms because such firms lack a structured supply chain and, lack resources and capabilities that manufacturing companies possess. This situation would represent challenges for small-medium retail firms in implementing supply chain and, in the process of after-sales. Vaaland and Heide (2007) for example, explained that limited resources small-medium firms possess would affect the collaboration among participants of supply chain and, influence the integration of after-sales activities within the supply chain.

According to suggested models of after-sales services supply chain in above table, there are different drivers of constituting the supply chain of after-sales services. General drivers for formation of an after-sales supply chain include: the attractiveness of the after-sales; strategic priorities; the characteristics of the physical product; the services offered; customer satisfaction and customer retention.

However, because the nature of relationships amongst actors of the supply chain differ between established and emerging markets(Hofstede,1980;Fletcher & Fang, 2006), the drivers of the formation of after-sales supply chains therefore, can differ between both markets. More specifically, there are differences that exist between both markets such as: market condition; industry condition; culture and social condition; nature of communication and the adoption of IT technology in supply chain and other factors. The proposed frameworks of after-sales that have been suggested for established markets, may not be applicable for emerging markets. The following part will explain why suggested models on the above table are not applicable for emerging markets.

### **2.3.1.1 Reasons for Inapplicability of the Proposed After-sales Frameworks in Emerging Markets**

The frameworks suggested in the previous table, were suggested for established markets; except Beier and Ardishvili (1995), which could not be applicable in emerging markets for many reasons. Firstly, these frameworks were developed for industrial and for a manufacturing context in established markets. Unlike established markets, emerging markets have fragmented distribution channels (Kouznetsov, 2009) and, a fragmentation of the retailing sector, as well as a poor, or absent, distribution system (Bilgin et al, 2004; Arindam & David, 2008; Chakravarthy & Coughlan, 2012). Secondly, emerging markets lack institutional structure, rules that control and regulate businesses' activities (Sevic, 2005). Supply chains, in emerging markets, are also still in early stage.

Thirdly, since many actors are involved in an after-sales services supply chain, the creation of relationship within after-sales supply chain, would be affected by social and cultural variables. In this context, although Cohen et al (2006b), Nordin (2005), Markeset and Kumar(2003) and Farris et al (2005) proposed practical frameworks that depend on using available resources and, enhancing firms' capabilities when constructing after-sales supply chain, IT also represents an important element in these frameworks. However, the adoption of IT related to cultural variables and culture variable also shape the resistance towards the adoption of IT as a method of communication in emerging markets.

From the picture drawn, it is possible to observe that the configuration of an after-sales supply chain was handled sparsely in literature and some considerations in this context may be added. Firstly, most works focus on a single decision and, on single after-sales activities; such as the level of vertical integrations. The execution of field technical support, or the degree of centralisation of the spare parts distribution network, and they rarely address decisions and strategies for the whole after-sales supply chain.

Moreover, all choices for the configuration of after-sales supply chain and, drivers that lead to this configuration have been discussed by Sacconi et al, (2007), this configuration, proposed specifically for established markets and, some research, remains rare in emerging markets. Secondly, the work analysed does not consider all components of after-sales services for retail firms. Therefore, there is a need to consider all these activities to be processed by small-medium retail firms, within a stable after-sales supply chain, in an emerging market. In addition to this, the relationship with consumers seems to be neglected in empirical research; within after-sales services supply chain. Thirdly, only few frameworks (Beier & Ardishvili, 1995; Fletcher & Fang, 2006) discussed the formation of the network and developing distribution channel in emerging markets. Furthermore, research that assesses the impact of culture on the formation of network, and creation of a relationship is still very limited in literature.

Fourthly, in literature there are some researches which handle the issue of creating a competitive advantage for retail firms in the context of the home appliances industry (Albaum & Wiley, 2010; Kurata & Nam, 2010; Heese, 2012). These papers, however, focus solely in established markets. These papers seem to fail to address how retail firms can use after-sales as a method of creating a competitive advantage within a stable supply chain.

Fifthly, all papers listed in table (1), except Beier and Ardishvili (1995), Fletcher and Fang (2006), focus on a process of after-sales services in established markets. Furthermore, all papers in literature listed in table (1) focuses on a single country, in terms of the configuration of the supply chain, and focuses on the configuration of after-sales supply chain in the context of manufacturing firms.

Finally, the only paper that discusses issue of internationalisation, in the context of after-sales service, is suggested by Asugman et al (1997). Although this paper suggested a useful strategy, related to after-sale services in international market. This paper, however, seems to ignore cultural

variables and the impact of these on the creation of the relationship between intermediaries and manufacturers of a durable product.

### **2.3.2 Conclusion Regarding the Reviewed Literature into After-sales**

Based on the reviewed literature of after-sales service of home appliances that shown in table (1), the researcher concluded that, first of all, there is little literature that provides cross-culture comparison regarding the formation of after-sales supply chain and the creation of relationships amongst actors of a supply chain. Therefore, the need arises for research that adopts a systemic view of after-sales services activities, and processes, which is oriented to build theories of formation for an after-sales supply chain.

Secondly, although some valuable contribution can be found in the above quoted works, the researcher believes that research related to after-sales services, in the context of home appliances with special reference to creating competitive advantage for small-medium retail firms in emerging markets, is still under exploration. Finally, the researcher believes that addressing the impact of culture on the creation of relationship, and formation of the after-sales supply chain, is still at a preliminary stage. Accordingly, this research aims to provide cross-cultural comparison related to the creation of the relationship and, the formation of an after-sales supply chain.

This research provides a better understanding of how retail firms can use after-sales as a tool of competitive advantage, by optimising available resources, and capabilities, in local markets in the context of home appliances. Drawing from the contingency perspective, the researcher proposes a sustainable framework of after-sales services supply chain (denoted ASSC). ASSC puts emphasis on the relationship between small-medium retail firms and other participants of ASSC, while processing after-sales in emerging markets.

The structure of this research included three processes. Firstly, it is important to provide a brief review of recent literature on the concept of competitive



advantage, for small-medium retail firms in the context of home appliances industry, in both emerging and established markets.

Secondly, reviewing literature related to the management of a value chain that includes the management of demand and supply chains within ASSC. This requires reviewing possible tools, and techniques, of relationship management amongst participants of ASSC.

Finally, it is important to address the impact of culture on the creation of relationships and, the formation of after-sales supply chain. This includes addressing the impact of organisational culture and societal culture on the adoption of communication methods. More specifically, review the literature, regarding the impact of cultural variables on the adoption of specific methods of communication, while processing after-sales within the supply chain. Furthermore, address the impact of cultural elements on the adoption of IT as a method of communication amongst actors of after-sales supply chain in both markets.

## **2.4 Management of After-sales Value Chain for SME Retail Firm**

In literature SME firms have been described as firms that lack financial resource and human resource (Zontanos & Anderson, 2004). More specifically, in the context of supply chain, SME retail firms face some challenges in managing after-sales supply chains. These challenges may include inability of SME retail firms to separate ownership and management. Managers of these firms also have a lack of management and marketing skills (Simpson et al, 2006; Zahedirad & Shivaraj, 2011). This situation would represent difficulties in processing after-sales within the supply chain because such firms would be unable to apply integration and would be less concerned with methods supporting the supply chain management, comparing this to big retail firms (Vaaland & Heide, 2007).

Furthermore, SME retail firms are different from big retailers in terms of resources, skills and the capabilities they enhance. This would affect their performance in terms of processing after-sales services. With specific reference to challenge that SME retail firms face in adopting IT, such as e-business and e-supply strategies as a techniques of relationship management for SME retail firms (Vaaland & Heide, 2007; Singh, 2011).

However, although SME retail firms have not enough resources and skills to implement a supply chain, SME are more able to adopt "relationship marketing" (Zontanos & Anderson, 2004; Jardine, 2008). This is because these firms are closer to consumers and they are able to develop social networks around their businesses.

Generally, there are three groups of supply chain management definitions. Namely; actor-oriented; relation-oriented and process-oriented definitions (Vaaland & Heide, 2007). Considering the limited resources SME retailers possess, the suitable approach which would help retail firms to create competitive advantage, is relation-oriented supply chain. Relation-orientation would be corresponding to the relational view, where SME retail firms use relation assets of a supply chain that are available in a local market.

In such case, SME retail firms need to develop two relationships called retailer-consumers and retailer-suppliers. These relationships, within after-sales supply chain, would be similar to the so-called primary participants of after-sales supply chain (Sandberg, 2007). As it can be seen in figure (3) below, SME retail firms need to focus on both downstream and upstream relationships. On one hand, downstream relationships require creating direct relationships with consumers while processing after-sales. On the other hand, an upstream relationship takes place between retailers, and suppliers, while they delivery required after-sales.

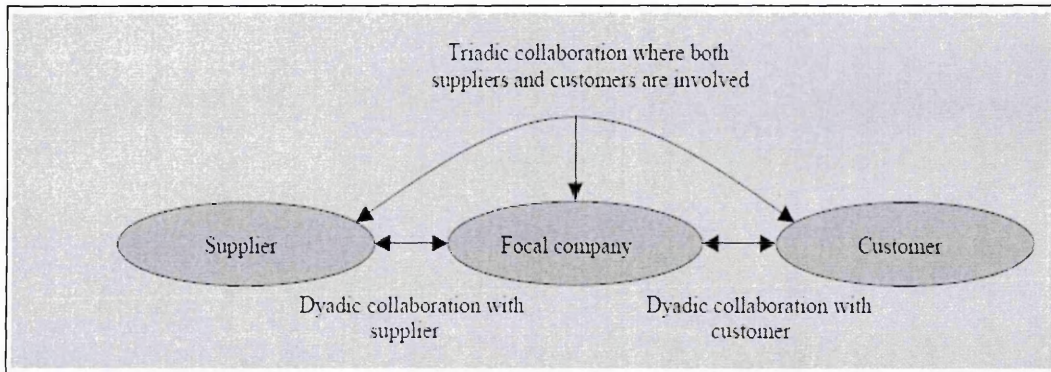


Figure 3: Primary participants of ASSC (Sandberg, 2007)

### 2.4.1 The Foundation for Formation of ASSC for SME Retail Firms

Considering that there are differences exist between emerging and established markets in many aspects. These differences may affect the performance, and management, of the after-sales, services supply chain. SME retail firms and their performance of after-sales, would be affected by social factor, culture factor (Leonard et al, 2009) market factors and location of firms (Porter, 1990 ;1998; Bennett & Smith, 2002), organisational culture (Beugelsdijk et al, 2009) and commitment of management (Salam, 2011).

These factors need to be taken in the consideration of participants of a supply chain. Local market conditions specifically need to be considered by SME to create relationships and competitive advantages in emerging markets. In this study, the researcher posits that in order to create competitive advantage, in terms of after-sales services, SME retail firms can use Porter's model the "demand diamond" along with the so-called "relational view" (Srivastava et al, 2001; Mesquita et al, 2008). The following discussion explains both theories that form ASSC in detail.

#### 2.4.1.1 Porter's model of Competitive Advantage

Porter (1990, 1998), has suggested the "demand diamond", presents a useful framework for SME retail firms to create competitive advantage in their local/national market. According to this framework, national or local competitive advantage is based upon an analysis of the characteristics of the

national or local market environment. This framework identifies four sets of variables that may influence retail firms' abilities to established and sustain, competitive advantage. Competitive diamond factors that affect competitive advantages are:

1. Factor (input) conditions;
2. Demand conditions;
3. Relating and supporting industries;
4. Business strategy, structure and competition.

#### **2.4.1.1.1 Factor Conditions**

Factor conditions refer to tangible assets that firms possess. These assets include: physical infrastructure; capital resources; legal system; employees skills and knowledge that can be obtained from information flows (Chen & Hsieh, 2008). These elements represent foundation in configuring, and building, after-sales services supply chain.

As Cohen et al (2006a) and Cohen et al (2006b) argued, in the home appliances industry there are two approaches to create after-sales services supply chain. Namely, the cost-effective approach and satisfying premium customer approach. According to these arguments, firms can provide diverse after-sales services to heterogeneous segments of consumers throughout geographical hierarchy of service support locations and product hierarchy (Cohen et al, 2006b).

Similarly, firms can use a hierarchy of locations. In these locations, retail firms can deliver different components of after-sales and deliver spare parts. Such firms may use centralising, or decentralising, distribution strategies. These strategies would apply in service centres with different time responses, prices and cost (Cohen et al, 2006a).

However, considering that SME retail firms possess limited resources, this would represent challenges when applying these approaches. A relational approach would represent an alternative approach for SME retail firms. According to this approach, SME retail firms need to focus on building



relationships with all segments of consumers. This may require the creation of a demand chain for each segment. Once SME firms create demand chain, they can select suppliers who respond to consumers' demand. In this case, the main role of retail firms is the alignment of the supply side with demand side.

In order to create competitive advantage in an emerging market, SME retail firms need to exploit available resources; including, based and advanced factors. Based factors contain natural resources, climate, location and demographics. Whereas, advanced factor includes communication infrastructure, sophisticated skills and research facilities (Grant, 1991). From this perspective, the configuration of an after-sales services supply chain is contingent on availability of these resources in emerging markets. SME retail firms, therefore, can deploy resources and enhance capabilities to support delivery of after-sales within the supply chain (Cohen et al, 2006b).

Communication specifically represents an important element in relationship marketing. ASSC communication includes communications with consumers and, with suppliers. Communication can take the form of personal, or impersonal, interaction via technology such as telephone, email and other information technology (Birgelen et al, 2002; Chen & Hsieh, 2008).

Infrastructure and technological environments have direct impact on the process of after-sales within the supply chain which include logistic, of after-sales and delivery of appliances and spare parts. Furthermore, technology and IT would increase the firm's abilities to improve the quality of after-sales services and, as a result, gaining competitive advantage over rivals at the same market (Singh, 2011).

Advances in IT enable retail firms to exchange information with other participants in a supply chain. Elements of IT include internet, electronic data interchange, enterprise resource planning and e-business. Elements of IT would facilitate communication with consumers and suppliers as well. On the

other hand, IT would facilitate collaboration and optimizing operations of after-sales services supply chain between retail firms and suppliers (Singh, 2011).

It has been argued that IT at local market would help firms to exchange information related to inventory and, help firms to reduce cost of after-sales process, reducing the demand variability. This enhances responsiveness and improves the level of after-sales (Singh, 2011; Liu & Kumar, 2011). In addition to this, IT reinforces the connections between retail firms and, other participants of after-sales supply chain mitigating the dysfunction and conflicts in the process of after-sales within the supply chain (Cheng, 2011).

However, there are two challenges SME retail firms may face when applying IT within an after-sales services supply chain. These are, communication infrastructure (Malhotra et al, 2005) and nature of societal culture (Hofstede, 1991) in the specific market. Malhotra et al (2005) have argued that emerging markets have limited or unreliable communication Infrastructure. This made personal contact, and direct personal interaction, more important than using IT while processing after-sales services within a supply chain (Malhotra et al; 2005).

On the other hand, communication amongst actors of an after-sales supply chain is moderated by national culture in the case of after-sales contact modes (Birgelen et al, 2002; Baack & Singh, 2007; Leonard et al, 2009). Furthermore, according to Hofstede (1991) in collectivist culture societies, people prefer personal contact rather than non-personal contact. More recently, Leonard et al (2009) argued that adopting a specific communication method, in particular market, is embedded by broad social culture. This would explain to what extent participants of supply chain use IT while they process after-sales and, in the creation of relationships amongst actors of after-sales supply chains.

### 2.4.1.1.2 Demand Condition

Demand conditions represent a driver for competitive advantage. Porter placed particular emphasis on national or local demand as a motivation for competitive advantage. Demand of home appliances is related to macroeconomic change and, affected by inflation, unemployment, savings ratios, consumer lending and, the number of new dwellings completed in a specific period (Euromonitor international, 2011). For example, there is a strong relationship between GDP performance and demand for appliances (Euromonitor international, 2011; The Financial Times Ltd, 2012).

Domestic demand is also driven by, rising per capita income, improving living standards (Global Retail Industry, 2011), increasing of household numbers and growing urban middle classes (M2 Press WIRE, 2010; Global Retail industry, 2011). As it has been argued, demand for home appliances in emerging markets surpassed the demand in established markets (figure 4), below; exhibit this fact.

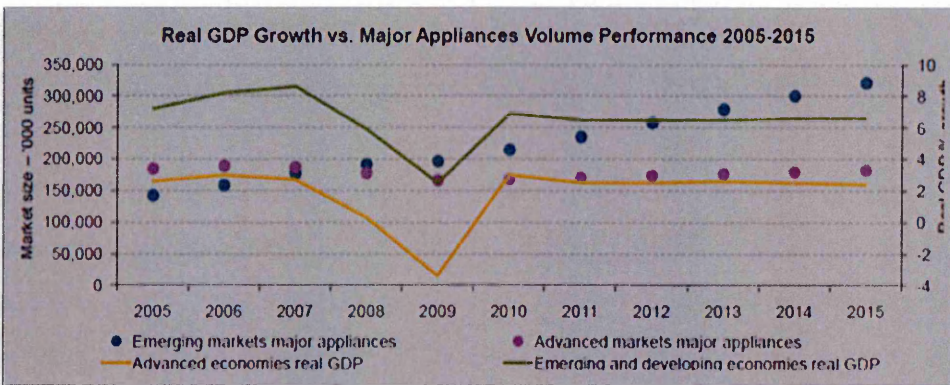


Figure 4: Demand of home appliances 2005-1015 (Euromonitor International: 2011)

However, demand of home appliances was different in various emerging markets. For example, volume growth of demand for home appliances in Asian pacific has increased by 10 percent, followed by Middle East and Africa with 9 percent and then Latin America by 6 percent growth (Euromonitor International, 2010; Euromonitor International, 2011).

In addition to this, emerging markets and established markets are different in many aspects related to the demand of after-sales. These aspects include,



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expectation, dimensions of service quality (Malhotra et al, 2005; Cothan & Erasmus, 2008) and consumer evaluation of after-sales contact mode (Birgelen et al, 2002). Purchasing decisions are related to consumer behaviour and associated after-sales (Donoghue et al, 2011; Sonnenberg et al, 2011). Culture impacts on the adoption of communication method and the adoption of IT in communication (Erasmus et al 2005; Baack& Singh, 2007; Subrahmanyam & Gomez-Arias, 2008, Leonard et al, 2009).

Considering retail firms as the most knowledgeable party related to consumers' needs in term of after-sales services, retail firms can be a valuable source of information for suppliers. Coordination between retail firms and suppliers would lead to cost saving and, benefit to whole participants of supply chain while processing after-sales (Chu & Lee, 2006). Coordination between retail firms and suppliers also would help SME retail firms to deliver reliable after-sales services in emerging markets.

Reliable after-sales services can be varied in different markets, for example, in competitive markets (established markets), consumers focus on the function of appliances and emphasis on reliability, dependability and accuracy (Gothan & Erasmus, 2008). From this perspective, consumers in specific markets have special requirements in term of after-sales. In a collectivist society for example, it may be appropriate to apply "social network model" rather than "industrial complex model". Social network model refers to adopting mutual trust relations between retail firms and suppliers and, with consumers as well.

Therefore, in order to create competitive advantage in the context of home appliances, SME retail firms need to consider some elements before establishing after-sales services supply chain. Firstly and most importantly, a demand chain needs to be established prior to establishing the supply chain. In this case, retail firms play an essential role in understanding consumer purchasing decisions and consumers' needs before shaping consumers' demand (Dobbs et al, 2011) in particular emerging market.



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Secondly, after shaping the demand of different segmentations of consumers, SME retail firms can define the supply target within the ASSC (Walters, 2008). In this respect Jayant (2005), Collis and Montgomery (2008), Court and Narasimhan (2010) and D'Andrea et al (2010), agreed that firms need to address and target premium segment(s) by allocating valuable resources that are available at specific emerging market. In addition to this, firms need to keep up with market expansion and growth. Thirdly, SME retail firms can create a social network which requires involvement in a local network organisation and local communities. The involvement in a local network would help SME firms to meet consumers' needs in a more personal way (Jardine, 2008).

Furthermore, SME retail firms can adopt relationships marketing that suits the local market conditions and cultural conditions in specific markets. Zontanos and Anderson (2004) for example, explained that SME firms are more able to manage, and adopt, relationship marketing in their operations. Therefore, retail firms can create competitive advantage by building network of after-sales services and developing relationships with both consumers and suppliers. In order to build ASSC, SME retail firms need to develop home region, core assets of supply, demand, relationship and strategic capacity.

#### **2.4.1.1.3 Relating and Supporting Industries**

This dimension refers to the adoption of a cooperative relationship between retail firms and their suppliers. In order to create competitive advantage, SME retail firms need to process after-sales that meet the needs and requirements of all segmentations of consumers in a specific market.

Since home appliances are characterised as long-life cycle products, consumers need support during product life cycle. This support includes a guarantee period with brand new appliances, after-sales consumer support continues after the expiry of guarantee period and even in the disposal of appliances. Consumers also need support in the provision of spare parts. Retail firms can create competitive advantage by delivering after-sales services to consumers in each stage of the product life-cycle. In order to

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provide the required level of after-sales services, retail firms need to create groupings of industries (clusters) within a specific market (Porter, 1990; Grant, 1991; Bennett & Smith, 2002). These clusters may include: the engineering industry; transportation industry; retailers of spare parts, all of which cooperate to process after-sales and the delivery of spare parts. In other words, based on available resources in specific market and based on capability of enhancing relationships, SME retail firms can create their supply chain of after-sales within the demand and supply side.

#### **2.4.1.1.4 Business Strategy, Structure and Competition**

The final element of creating competitive advantage is business strategy, structure and competition in a specific market (1990; 1998). Competition conditions in specific market would represent an essential element that defines strategy of after-sales as a method of competitive advantage. The strength of competition in the context of the appliances industry, in specific market, would affect the process of after-sales and influence retailers' strategies in creating competitive advantage at the same market. In a highly competitive market, such as in the established markets and appliances industry, in order to differentiate, add value and, compete properly. Retail firms need to retail and provide higher levels of after-sales service (Asugman et al, 1997; Cohen et al, 2006a).

Whereas, in a market with little or no competitive offering, even though retail firms recognise that after-sales is important strategic tool in creating competitive advantage, they may not be motivated to provide it. In this case, after-sales may be seen as unnecessary element of augmenting the appliances (Asugman et al, 1997).

In a home appliances industry, where competition described as strong, SME retailers need to coordinate with suppliers. Selected suppliers need to be motivated to create long-term relationships with retailers. Suppliers in this case need to provide the required level of after-sales services (Salam, 2011). Furthermore, the relationship between retail firms and their sources of supply

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need to be built based on interdependency (Ferrer et al, 2010) and, share resources. These include information technology and, sharing information among participants of supply chain (Liu & Kumar, 2011; Cheng, 2011).

The structure of the supply chain and the structure of the retailing of home appliances, would affect the creation of competitive advantage. The relationships between retailers and suppliers can also influence the creation of competitive advantage. Furthermore, the integration of technology in processing after-sales may lead to delivering an efficient after-sales services (Chen & Hsieh, 2008).

In literature, it is evident that IT became an important element for optimizing the internal logistical functions and, build real-time collaboration between retail firms and their suppliers (Liu & Kumar, 2011; Cheng, 2011). On a practical level, unlike established markets, emerging markets lack communication and distribution infrastructure (Bilgin et al, 2004; Xie & Boggs, 2006; Kouznetsov, 2009). In addition to this, logistical and physical, distribution infrastructures in emerging markets are still inadequate (Bilgin et al, 2004; Arindam & David, 2008), fragmented (Kouznetsov, 2009). Retail sectors in emerging markets are still poor (Xie & Boggs, 2006). Such markets also lack rules that control and regulate businesses' activities (Sevic, 2005). It has been argued that distribution channels in emerging markets are fragmented, (Kouznetsov, 2009), and have limited access to international distribution channels (Eren-Erdogmus et al, 2010).

All previous conditions would affect the processing of after-sales within the supply chain; especially when retail firms involve in relationships with international suppliers. This is because, in order to deliver required demand of after-sales in international context requires high level of coordination and intensive communication. SME retail firms in emerging markets may need to compensate for the absence of modern distribution channels and the advance of communication technology. In this case, SME retail firms may need to exploit available market conditions and national culture while the creation of a relationship and the formation of an after-sales supply chain occurs.

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In emerging markets, SME retail firms can focus on the social network aspect as a method of creating “added value” (Chen & Hsieh, 2008) while processing after-sales. In order to create an “added value” for SME retail firms, and the whole-chain adoption of a communication method is required. A suitable communication method represents a vehicle that connects SME retail firms with their consumers, which form downstream relationship (demand side).

In addition to this, the connection between retail firms and their suppliers, which shapes upstream relationship (supply side), this allows communication method to enable retail firms to share information with other participant of ASSC. Furthermore, communication would help retail firms to deliver a required level of after-sales. Promotion is another important element of communication which represents the connection between retail firms, their suppliers and, their consumers in the pre-purchase stage.

However, in order to create competitive advantage, participants in the after-sales supply chain need to be service and supply chain oriented. In other words, participants of ASSC SME need to share the same values and beliefs. Participants must share the same values, beliefs and, organisation culture, (Cooper, 1993; Beugelsdijk et al, 2009). It has been argued that organisational cultures may represent the main source of resistance to change (Cooper, 1993) towards the adoption of a relationship and adopting a specific method of communication amongst participants of a supply chain. More recently, Beugelsdijk et al (2009) have argued that differences in organisation culture are not negatively associated with the relationship performance amongst partners involved in the transaction.

From this perspective, it can be argued that cultural differences between suppliers and retailers would not influence the retailer-supplier relationships and the process of after-sales services within ASSC. Furthermore, cultural differences between suppliers and retailers may not affect the adoption of IT as a method of communication amongst actors of ASSC.



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In a broader perspective of international business, it has been argued that cultural differences, between buyer and seller, would influence the expectations and behaviour of both parties (Voldnes et al, 2012). According to this argument, cultural differences between participants of ASSC would be reflected in the behavioural relationship and in the adoption of a particular communication method while in the process of after-sales.

#### **2.4.1.1.5 Conclusion of Porter framework**

According to the previous discussion, it can be seen that the Porter framework is a useful model. SME retail firms can use it because it is related to the local conditions in a specific emerging market. Competition, for example, differs amongst different emerging markets. This situation requires SME retail firms to apply a specific strategy in each market.

Furthermore, such firms need to create their ASSC based on available resources such as tangible assets and create relationships with related industries. These include: internet suppliers; transportation companies; spare parts suppliers; engineering companies and, other industries. This action would help SME retail firms to meet customer's demands in terms of after-sales, especially with consideration of demand condition regarding appliances and associated after-sales in the local market. Most importantly, SME can play an important role in applying a suitable communication method that suits societal culture in each market. This is because each participant of ASSC is influenced by national cultural and their cultural background (Voldnes et al, 2012). Therefore, it can be concluded that national culture has really strong impact on the creation of relationships among actors of ASSC and the formation of ASSC as well.

The essence of the Porter model, refers to exploiting four sets of resources that are available in the local market. This framework may correspond to the so-called resource-based view. It refers to using available resources in a local market and focuses on enhancing firms' capabilities to perform after-sales. In other words, in order to create competitive advantage, SME retail firms need

to use "country resource environment" (Wan, 2005) and plan their resources (Koh et al, 2006).

There are two elements that differentiate SME retail firms that may affect the creation of competitive advantage. Firstly, SME retail firms are the closest party to consumers which enables them to address characteristics of societal cultural and, consequently, adopt a communication method that suit cultural conditions in a specific market.

Secondly, since SME retail firms lack resources, skills and, suitable approaches; SME retail firms may need to focus on the deployment strategy. It refers to developing relationships with consumers and suppliers simultaneously. Furthermore, SME retail firms need to build relationships with the local community and government. Unlike individualist societies, SME retail firms need to enhance their capabilities in adopting personal relationships with all participants of ASSC. In summary, both the Porter framework, and relational view, have similar perspectives in terms of focusing on available resources in a local market. The creation of a competitive advantage for SME retail firms is based on local conditions and environments in each emerging market. The differences between RBV and, the relational view, or resource-based school of relationship strategy, will be explained in the following section in more detail.

#### ***2.4.1.2 Resource-based School of Relationship Management and Competitive Advantage***

The management of the supply chain is associated with the management, and planning, of the firms' resources (Koh et al, 2006). It has been argued that RBV, and network based resource, have a strong, positive relationship with the firm's performance (Eng, 2005). In the creation of competitive advantage, resources-based view theory focuses on the strategic importance of a bundle of unique, human, organisational, locational and skills, firms own and control. These resources can be tangible, or intangible, which distinguishes specific firms from any other firms (Morgan & Hunt, 1999; Gouthier & Schmid, 2003).

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On a practical level, in order to create competitive advantage in the context of retailing sector, firms require large financial resources to deliver after-sales services to different customers' segmentations and cover different locations. Financial resources are required for establishing material service, labour service, transportation service and information services. Furthermore, firms need to manage cooperation relationships with other participants of supply chain. Firms also need to adopt IT that would decrease the cost of delivering after-sales and increase time of response to consumers, and suppliers, which would consequently lead to maintaining long-term relationships with consumers.

However, although the RBV explains the creation of competitive advantage, the relationship between RBV and competitive advantage could not be explained for SME retail firms in emerging markets for two reasons. Firstly, the retailing sector in emerging markets has a special circumstance (Khanna & Palepu, 1999; Xie & Boggs, 2006; Arindam & David, 2008; Kouznestov, 2009). Secondly, SME retail firms have limited resources, which make it more difficult to process after-sales. SME retail firms could not possess enough resources, or control, over bundles of materials, human, financial, organisational resources that are unique, valuable, rare, imperfectly imitable and imperfectly substitutable (Srivastava et al, 2001; Gouthier & Schmid, 2003).

Therefore, in this study the researcher adopted an alternative strategy to be used for SME retail firms in emerging markets. This strategy is resource-based school of relationship or relational-view. According to relational view, SME retail firms can use the limited resources they have and enhance their capabilities in developing a relationship that suits societal culture in each market.

In the relational context, Srivastava et al (2001) suggested a framework as it can be seen in figure (5) below. According to this framework, SME retail firms would play an important role in every emerging market, by exploring customer demand, competition and, conditions of the home appliances industry. They

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would also explore cultural variables, and other conditions, before creating a customer relationship and customer values.

More recently, Mesquita et al (2008) argued that the relational view presents an additional performance of competitive advantage in the context of a supply chain, where a firm's critical resources may extend beyond its boundaries (Dyer & Singh, 1998). Furthermore, relational views explain that the creation of competitive advantage arises from the interfirm resource advantage (Dyer & Singh, 1998; Mesquita et al, 2008). Unlike RBV, that focuses on combining and control the bundle of unique resources and skills firms own, relational view puts emphasis on enhancing firms' capabilities. Therefore, relational view would represent a practical strategy for the creation of competitive advantage for SME retail firms in emerging markets.

From the perspective of relational view, SME retail firms can develop relationships with consumers and suppliers simultaneously, while processing after-sales within a supply chain. Downstream and upstream relationships concur with the relational-competitive advantage, which represents the driver for the succession of relationship marketing and relationship management (Morgan & Hunt, 1999).

Relationships within ASSC, in a specific market can be interpreted as being difficult to imitate because such relationships are related to market condition, specificity of societal culture and the condition of the home appliances industry.

Another important advantage of relational view is the emphasis on behavioural phenomena (Paulraj et al, 2008) which include communication within ASSC. From this perspective, SME retail firms can play an important role in the creation of competitive advantage by understanding the specificity of societal culture in each market.



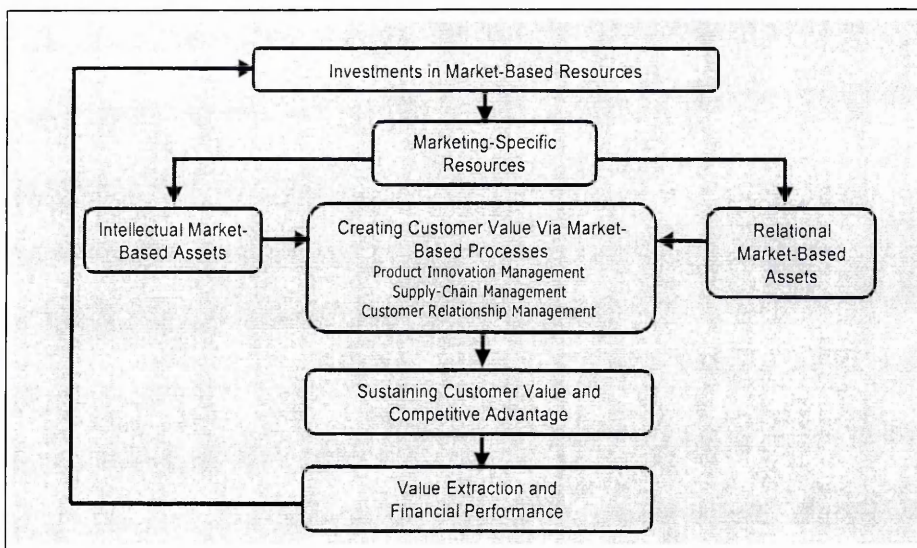


Figure 5: Framework for analysis of market-based resources (Srivastava et al, 2001)

SME retail firms then adopt communication methods that suit cultural variables within the process of after-sales within ASSC in each market. A societal culture can be considered a part of a social capital which leads to competitive advantage. One dimension of social capital is social interaction (Hitt et al, 2002). SME retail firms therefore need to focus on the so-called “non-market capabilities” or “social network model” (Zantanos & Anderson, 2004).

It allows SME retail firms to build a personal contact network with key people. This personal contact could help SME retail firms to gain vital market information. SME retail firms can also co-opt governments’ bureaucrats by developing a social relationship with people in government. By developing such relationships, retail firms can get two benefits that would help them to create competitive advantage.

Firstly, this relationship would offer some advantages such as, subsidies in the form of state contracts, monopolistic rights and political influence (Wan, 2005). Secondly, since government have a direct role in allocating the resources in emerging markets, retail firms can secure competition. This is because the government can impose restriction on foreign direct invest (Zontanos & Anderson, 2004).

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In addition to this, the creation of a relationship with a stakeholder may represent another important element to increase competitive advantage (Enz, 2008). This may take the form of a relationship with participants of a supply chain (Dyer & Hatch, 2006) or relationships with local communities through sponsorship events (Enz, 2008).

#### **2.4.1.2.1 Communication Method and Relational-view**

Communication between SME retail firms, and their suppliers, is an important element because communication links up participants of a supply chain. Such linkage offers balance in two directions: multilevel contacts and message services (Cao & Zhang, 2011). Communication between retail firms and suppliers help both parties to share knowledge, in terms of after-sales in a specific market. Sharing knowledge between SME retail firms and suppliers would improve the quality of after-sales and, as a result, lead to a competitive advantage (Dyer & Hatch, 2006). In addition to this, the adoption of relational view would lead to collaborative advantage and supply chain collaboration (Cao & Zhang, 2011).

However, there are cultural differences between collectivists and individualists societies (Hofstede, 1980). Cultural differences would affect the nature of relationships between retail firms and their consumers, in terms of perceived quality of service dimensions (Malhotra et al, 2005; Donoghue et al, 2011). The perceived nature of relationships between retail firms and suppliers, is also affected by cultural variables in specific market (Zhao et al, 2008; Flynn et al, 2008; Danisman, 2010; Cagliano et al, 2011).

National culture, in a specific market, would define the adoption of the communication method in both sides of the after-sales supply chain. Hofstede (1980; 1991) and Birgelen et al (2002), Leonard et al (2009) and Cooper (1993) agreed that participants of a supply chain, in different societies (collectivist or individualists) adopt different communication methods and various promotional methods.

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In same vein, Dyer and Hatch (2006) argued that firms' capabilities, and resources, are relationship specific and are not easily transferable to other networks. Therefore, the role SME retail firms can play in creating competitive advantage in emerging markets would differ from established markets. This includes the availability of resources and the capability of SME retail firms, in using relational resources, while processing after-sales within supply chain.

In other words, cultural variables in both markets would influence the creation of relationships on both sides of ASSC and affect the formation of an after-sales supply chain. The following discussion will explain, in detail, how SME retail firms can manage their relationship with all participants of ASSC and, consequently, how to create a whole value chain and create a value chain for SME retail firms.

#### ***2.4.1.3 Relationship Management and Value Chain for SME Retail Firms***

The traditional definition of a supply chain indicates that it refers to the process of planning, implementing and, controlling the efficient flow of products, services and information from point of origin to point of consumption (Singh, 2011). Based on traditional supply chains, participants of a supply chain perform the previous activities independently, rather than through cooperative relationships. The adoption of traditional supply chain or "arm's-length" relationships refers to "factory outwards" where suppliers optimise their internal operations downstream- towards consumers (Christopher, 2005; 2010).

In literature, a new paradigm has emerged as a method of competitive advantage. It is a strategic group and value chain (Porter, 1985). Strategic groups refer to a change the nature of competition, from single firm against single firm, to supply chain against other supply chain. According to this paradigm, in order to manage competition, retail firms need to adopt relationships with both consumers and suppliers while processing after-sales in emerging markets. Developing such a relationship would help all participants to create the "whole value chain". The adoption of a relationship among participants of an after-sales supply chain, would help participants to

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compete as one entity in a specific market (Christopher, 2005; Martino & Morvillo, 2008; Christopher, 2010).

Porter (1985:33) defined “value chain” as “competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities that a firm performs in designing, producing, marketing, delivering and supporting its product. Each of these activities can contribute to a firm’s relative cost position and create a basis for differentiation...the value chain disaggregates a firm into its strategically relevant activities in order to understand the behaviour of costs and existing and potential sources of differentiation. A firm gain competitive advantage by performing these strategically important activities cheaper or better than its competitors”.

From the perspective of competitive advantage, there are two elements of creating competitive advantage in emerging markets. They are the cost of processing after-sales and the way of performing after-sales. SME retail firms, for example, can select suppliers who help retailers to achieve immediate benefits. These benefits can be achieved through the low cost of spare parts and the general cost of delivering after-sales. The other benefit of suppliers' selections could be Internet-based technology.

Using internet-based technology would allow retail firms to connect with suppliers and compete, on cost, more efficiently. However, cost could not represent a suitable driver for a supply chain in the era of "market-driven supply chain" (Christopher, 2005; 2010). This may refers to two main reasons. Firstly, customer's need not fall into one group or one segment (Christopher, 2005; 2010). The customers demand vary in terms of after-sales, for example, some consumers focus on the process of spare parts, other consumers may put more emphasis on the speed and time response of after-sales.

Secondly, and most importantly, internet use and collaborative practice between suppliers and retail firms are related to culture in different markets. In low-context cultural countries, for example, using internet is more important



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than using face-to-face communication (Oliveira et al, 2011). Such a situation will affect the use and adoption of the internet as a method of communication while processing after-sales within a supply chain. This is because in a high context culture people tend to use face-to-face communication methods between suppliers and retailers.

Other challenges may arise when SME retail firms focus on cost as a criterion of selecting suppliers which is a cultural variables in emerging markets.

Cultural variables have a strong impact on the adoption of IT as a method of communication between retail firms and suppliers (Cooper, 1993; Kotler et al, 1999; Birgelen et al, 2002; Jansson, 2007; Danisman, 2010). In addition to this, the nature of relationships is different between collectivist and individualist culture (Hofstede, 1980, 1991; Gronroos, 1990; Leonard et al, 2009; Beugelsdijk et al, 2009; Cagliano et al, 2011).

The way of after-sales performance is the other determinant of the creation of competitive advantage. In this context, Porter (1985) suggested that competitive advantage can be created by performing after-sales services in a distinctive way, compared to other rivals in specific markets. Within ASSC, in order to create value chain, retail firms need to manage relationships with consumers and suppliers (Ahmed et al, 1999; Emmett & Crocker, 2006; Christopher, 2010).

Relationship marketing could represent a suitable approach for SME retail firms. The adoption of relationship marketing would allow SME retail firms to maintain and enhance relationships with consumers and suppliers. From this perspective, relationships between SME retail firms and suppliers need to be based on achieving their objectives and profit (Das, 2009).

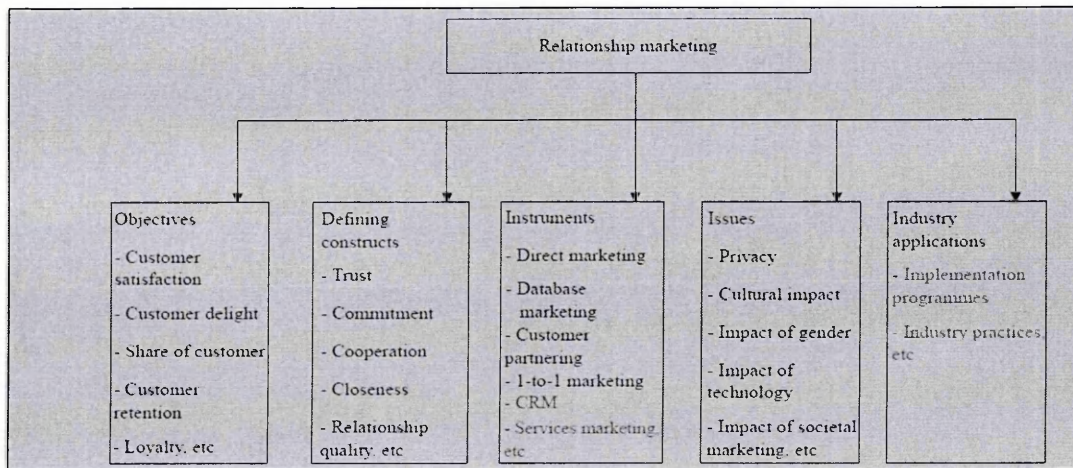


Figure 6: Classification of relationship marketing (source: Das, 2009)

As it can be seen in figure (6) above, SME retail firms need to define their objectives from processing after-sales to consumers at a marketplace. Based on firms' objective(s), SME retail firms would need to determine relationships with suppliers such as cooperation, trust, power and other forms of relationships. Once objectives and relationships are determined, SME retail firms need to use techniques, and tools, that would achieve effective relationship management with both suppliers and consumers. Communication methods would represent an important vehicle that connects all participants in both sides of ASSC.

The adoption of communication methods can vary, such as using personal or non-personal (IT) contact modes and promotions in supply chains. However, it has been argued that chain relationships involve a socio-psychological factors and culture (Ferrer et al, 2010). This would indicate that cultural factors have an impact on the adoption of specific communication methods and the creation of relationships between the actors of a supply chain.

Cultural variables within the after-sales supply chain, can be classified into organisational culture and broad societal culture. Organisational culture would affect the creation of the relationship between retail firms and their suppliers. Within the supply chain, there are elements which influence the management of a supply chain including: power, trust building processes, risk

and reward structures and, mutuality. Risk and reward structures would influence the organisational commitment to cooperate with other participants. Cooperation culture, on the other hand, determines the consistency and compatibility between participants of different types of relationships (Ferrer et al, 2010).

From the perspective of relationship marketing, there is a difference between relationship marketing (RM) and customer relationship management (CRM). Table (2) below summarises the differences between these terms. Although CRM is an important element for creating a demand chain, relationship marketing offers a boarder view of the relationship. While CRM focuses on building relationships with consumers, exploring demand of all segments, responding to each segment and building long-term relationships with the most profitable segmentations (Das, 2009). Relationship marketing focuses on building relationships with all participants of ASSC. This includes suppliers and consumers.

Differences	Relationship Marketing	Customer Relationship Management
Nature	It is relatively more strategic	It is more tactical in its approach, related to the implementation of relationship marketing using Information Technology.
Focus	Goes beyond traditional customer-supplier dyed. It aims building relationships with all Participants of supply chain.	It focuses on building relationships with profitable segmentations of consumers.
Components	It tends to be emotional and behavioural, focusing on some aspects such as, bonding; empathy; reciprocity and trust.	CRM is relatively more managerial, focussing on management effort In attracting, maintaining and enhancing customer relationships

Table 2: Differences between RM and CRM (sources: Das, 2009)

Based on Porter's contention (1990, 1998) the competitive advantage derived from specific context and specific environment. More recently Bennett and Smith (2002) argued against the Porter contention. Bennett and Smith indicated that location differences have little relationship with competitive advantage. However, Lorentz et al (2007) agree with Porter in terms of relationships between location differences and competitive advantage, as they argued that the generalisation of the distribution system can be a challenging



issue because contextual variables from economic, social, culture and, political elements influence the distribution system.

Therefore, it can be concluded that relationship management is a situational approach and supply chain relationship, that suits specific market, may not be applicable for other markets. From this perspective, SME retail firms can enhance their capabilities and competencies in managing relationships with consumers, and with suppliers, as well with specific consideration to national culture (Cox et al, 2004). This may require SME retail firms to apply a holistic approach of relationship, as it will explain in the following part.

#### **2.4.1.3.1 Towards A Holistic Approach of Relationship**

A holistic approach of relationship would represent an ideal model of relationships within ASSC. This concept refers to inter-organisational relationships by adopting interdependency among actors of an after-sales supply chain (Eng, 2005; Martino& Morvillo, 2008; Cheng, 2011). In order to create competitive advantage for an after-sales service supply chain, all participants need to adopt collaborative behaviour. Also, the activities of after-sales need to be promoted to build value-based relationships (Cheng, 2011). Such an approach necessitates the awareness of share goals, and aligning goals, among participants of an after-sales supply chain.

In this context, Ellram et al (2004) suggested a services supply chain model that encompasses seven elements of service processes. These elements are listed as following:

- Capacity and skill management (e.g. Investment in organisational process, assets and staff);
- Demand management (forecasting customers' requirements);
- Customer relationship management (customer segmentation and relationship management);
- Supplier relationship management (supplier identification and supplier selection);



- Service delivery management (meet customer demand in term of after-sales and delivery of spare parts);
- Cash flow management (flow of payment between participants of supply chain) and;
- Information flow including information sharing among participants of a supply chain, related to the customer demand of after-sales and spare parts.

As it has been mentioned in a previous discussion, SME retail firms have limited resources and lack skills. These firms therefore, can adopt the so-called primary member of a supply chain. From the perspective of a "primary member of the supply chain", (Sandberg, 2007), in order to create competitive advantage in emerging markets, there are three elements needed to be used in the formation of the after-sales supply chain. Namely, demand management, supply management and, communication in both sides of ASSC.

Hilletofth (2011) also suggested a model of demand supply chain management, which can be useful in creating value creation in both sides of ASSC (demand and supply sides). According to this model, both the demand and supply processes are equally important and it is important to coordinate between the demand and supply processes. From the perspective of a service supply chain, SME retail firms have two directions of relationships. Namely downstream and upstream relationships. Furthermore, they adopt communication methods that suit the national culture and social requirements.

First of all, relationships exist between SME retail firms and their customers. Secondly, it occurs between retail firms and their suppliers. This relationship occurs while processing the components of after-sales, such as product delivery and distribution of spare parts, inventories, and reverse logistics and, other activities related to after-sales. Communication is a method that links up participants of a supply chain together through balanced, two direction, multilevel contacts and, message services (Cao & Zhang, 2011).

## 2.5 After-sales Services Supply Chain (ASSC)

The model of after-sales supply chain, ASSC, to some extent is similar to a demand supply chain management, as was suggested by Hilletoft (2010), because ASSC contains same elements such as, market orientation, coordination of demand and supply process of after-sales. However, ASSC extended the framework of Hilletoft (2011) by including the connection between demand and supply chain through communication methods.

Furthermore, ASSC includes the impact of culture on the creation of the relationship and the formation of ASSC. In the context of the service supply chain, Mentzer and Gundlach (2010) and Ellram et al (2004) agreed that the supply chain management requires the integration, and management, of demand and supply functions in terms of after-sales. Similarly, some literature suggests the emphasis on customer demand is an important element in managing supply chain management (Tiernney, 2003; Walters & Rainbird, 2004; Walters, 2006; Walters, 2008; Santhanam, 2008; Collin et al, 2009).

From this perspective, in order to create value for customer, retail firms need to manage and align both demand chain and supply chain sides. In addition to this, in order to respond to various consumers' needs and different market segments, retail firms need to manage the consistent and timely demand information flow related to appliances and after-sales (Hilletoft, 2011).

### 2.5.1 The Main Component of ASSC

ASSC, as it can be seen in figure (7), at the end of this chapter, contains three main parts: relationship within demand side (downstream relationship), relationship within supply side (upstream relationship) and connecting both sides of after-sales service supply chain (communication methods). Firstly, on the demand side or the downstream relationship, retail firms need to manage demand chain related to after-sales and the need to manage consumer's relationship. Secondly, on the supply side or the upstream relationship, retail firms are required to manage relationships with supplier and need

coordination with suppliers in processing, and delving into after-sales services. Thirdly, since there are two types of relationships, namely upstream and downstream relationships, communication is one of the most important techniques of a relationship (Peterson & Balasubramanian, 2002) and the main issue of channel integration (Chandra & Kumar, 2000). Communication within ASSC encompasses communication between retail firms and consumers in different stages of interaction including: pre-purchase, during purchase and post-purchase of appliances.

### **2.5.1.1 Demand Chain (downstream relationships)**

Demand chain management is a philosophy that emphasis on offering products, or services, to specific, or different, groups of consumers (Walters, 2008). The demand chain requires SME retail firms and other participants of ASSC to perform after-sales components so they can deliver value for end consumers.

The importance of the demand chain, and customer demand, has been mentioned by Tierney (2003) when he quoted Lee's depiction of a triangle with customer demand at the pinnacle and with supply chain, and demand chain, management at the bases. More recently Walters (2006) and Walters (2008), explained that the most successful organisations adopt demand-led management.

Therefore SME retail firms need to focus on the demand chain, especially they are closer participants to consumers. These firms can understand customer's demand related to after-sales and meet the demand of different consumers' segmentations. Table (3) below illustrates that demand chain and supply chain are different in many aspects. The core difference between demand chain, and supply chain, is that, the demand chain emphasise on the processes, rather than functions (Walters, 2006).

Supply chain	Demand chain
Efficiency focus; cost per item	Effectiveness focus; customer-focused, product-market fit
Processes are focused on execution	Processes are focused more on planning and delivering value
Cost is the key driver	Cash flow and profitability are the key drivers
Short-term oriented, within the immediate and controllable future	Long-term oriented, within the next planning cycles
Typically the domain of tactical manufacturing and logistics personnel	Typically the domain of marketing, sales and strategic operations managers
Focuses on immediate resource and capacity constraints	Focuses on long term capacities, not short term constraints
Historical focus on operations planning and controls	Historical focus on demand management and supply chain alignment

**Table 3: Differences between demand and supply chain (source: Walters, 2006)**

The process of the demand chain in term of after-sales refers to exploring market conditions and the conditions of the home appliances industry in a specific market. Based on this condition, SME retail firms can study customer demand and identify the needs for different segments in terms of after-sales. According to this demand SME retail firms offer different options of after-sales and then deliver a required component(s) of after-sales to each segment.

Most importantly, retail firms need to develop relationships with each segment so that they satisfy all consumers in a specific market (Walters & Rainbird, 2004). Christopher (2005; 2010), suggested an approach to service segmentation, which contains a three stage process. These processes can be adapted to be applicable in processing after-sales by SME retail firms in an emerging market. These processes are summarised as following:

1. SME retail firms can identify the key components of after-sales services from the perspective of consumers themselves;
2. Establish the relative importance of after-sales services component;
3. SME retail firms need to identify "clusters" of consumers according to similarity of preference of after-sales services.



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In order to create value in the delivery of after-sales, two strategies need to be considered by SME retail firms. The first strategy is that SME retail firms are required to identify a customer value model. The applied model should consider some elements that are related to after-sales, such as benefit and cost. From the perspective of the cost benefit, there is a positive relationship between the level of after-sales services and its cost. Then SME retail firms, with their limited resources, would face challenges of managing cost of after-sales when it is provided to a profitable segment(s) of consumers.

Therefore, Christopher (2005, 2010) suggested another alternative to manage the cost benefits of after-sales services. Namely, benefit from flow of the information about consumer demand and using faster model of deliver after-sales with fewer inventories. This may require developing a relationship between retail firm's suppliers of spare parts. Such relationships would help SME retail firms to respond to consumers' demands quicker than their competitors do.

In addition to this, SME retail firms need to consider value drivers when choosing a specific model, such as relationships and communication methods. The adopted communication method, for example, should meet cultural and social expectations of consumers in a specific market.

Second strategy, SME retail firms are required to use an optimal value chain structure. On a practical level, SME retail firms need to use available assets to perform required after-sales services. From this perspective, retail firms need to design an infrastructure that facilitates support of after-sales for end consumers. This infrastructure refers to processes of moving and transporting appliances, spare parts, reverse logistics and other factors. Infrastructure also includes information and communication systems that connect all participants of an after-sales supply chain and facilitate information sharing among participants of a supply chain (Cohen & Agrawal, 2006a).

### **2.5.1.1.1 Communication Method within Demand Side**

The performance of the after-sales services, within the supply chain on the demand side, is simply the interaction between retail firms and consumers in different stages of purchasing. These include pre-purchase, during-purchase and post-purchase of appliances. The interaction between retail firms and their consumers, during the product life cycle, involves different communication methods.

In the post-purchase stage, consumers recourse to retail firms for example in the extended warrantee period. At this stage, the quality of after-sales would be an essential method in increasing customers' satisfaction (Kotler et al, 1999; Armistead & Clark, 1991; Armistead & Clark, 1992; Goffin, 1999, Rigopoulou et al, 2008). This in turn increases customer loyalty and repurchases intention (Rigopoulou et al, 2008) and creates competitive advantage (Porter, 1980; Armistead & Clark, 1991; Loomba, 1998; Oliva & Kallenberg, 2003; Goffin & New, 2001).

The perceived quality of after-sales may represent effective method of relationship marketing. Satisfied consumers for example would recommend other consumers to deal with specific retail firms; this refers to the so-called word-of-mouth. Therefore, word-of-mouth is a vital communication method. Although, word-of-mouth is considered as interpersonal, informal and a free method of communication, it is very effective and has a strong output of relationship marketing (Rigopoulou et al, 2008) and rapid interpersonal transmissions (Solomon et al, 2002).

WOM is especially powerful in the cases where the consumer is relatively unfamiliar or has limited information about appliance's purchasing and quality of after-sales. Consumers in this case rely more on WOM than on advertising messages (Goldsmith et al, 2006). Furthermore, information obtained from friends, family and relatives, are generally perceived as trustworthy compared to the recommendation of salespeople (Donoghue et al, 2011).

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WOM is the outcome from personal, or face-to-face, contact between retail firms and their consumers when consumers seek support in terms of after-sales services, such as maintenance, repair and purchase spare parts. In this case, delivering required after-sales services (meaningful to consumers) by SME retail firms would represent the source of added value to consumers. Therefore, satisfied, or non-satisfied, consumers would influence the creation of competitive advantage in terms of after-sales. From this perspective SME retail firms can invest in personal communication, including WOM, to develop the consumer's base and (consumer's relationship) through recommendations (Zontanos & Anderson, 2004).

Non- personal communications are another type of communication method between consumers and retail firms. Non-personal communications are media that carry messages, without personal contact or feedback. This method encompasses print media such as newspapers, magazines and emails. It is also includes broadcast media such as radio and television. Furthermore, display media such as, billboards, signs, posters, press conferences, shows and exhibits (Kotler et al, 1999).

The relationship between small-medium retail firms and local communities would represent an important communication channel. As it has been argued that SME retail firms are located within 50 miles of their consumers' base (Jardine, 2008), this would help SME retail firms to communicate with their consumers, engage in local communities, communicate with local press and networking organisations.

As SME retail firms are located closer to their consumers, such firms would create an advantage of building personal relationships with consumers and building a dialogue with their consumers (Jardine, 2008). In addition to, SME retail firms can take advantage of personalization of a relationship (even with a limited number of consumers) and creating an informal relationship with consumers and other participants of ASSC within the appliances industry. The advantage of building personal relationships would be to help SME retail firms to gather market information (Zontanos & Anderson, 2004).

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Communication technology has offered an advanced method in bridging time and distance and, offers new alternatives of communication (Leonard et al, 2009). The Internet, for example, has offered a potential channel in the retail industry (De Kervenoael et al, 2006). More specifically in the context of ASSC, communication technology offers an alternative to the after-sales services strategy such as speeding up the flow of information about customer requirements (Christopher, 2005, 2010).

Advanced technology in communication also changes the nature of after-sales services between retail firms and their consumers. IT also affects the process of after-sales services contact modes (Birgelen et al, 2002). With the availability of IT, consumers can contact their retailers without the need for personal contact when consumers face a problems regarding their appliances.

Services technology of after-sales has many forms which encompass voice-to-voice (toll- free telephone support) and bit-to-bit (on-line services). Such forms of information technology offer new practices of after-sales, activate coordination and, participants of ASSC also became more closely linked (Fiala, 2004).

Information technology offers a new, and effective, method of communication between retail firms and consumers; especially in pre-purchasing stage. IT also represents a new alternative for the promotion of appliances and offers of SME retail firms. SME retail firms, for example, can use internet and websites to promote their offers on appliances and associated after-sales. It has been argued, in a previous discussion, that the communication amongst actors of ASSC represents an important technique of the relationship (Peterson & Balasubramanian, 2002). Therefore, the following part will explain the impact of a broad culture on the adoption of communication method in demand side of ASSC.

#### **2.5.1.1.2 The Impact of Culture on Communication within Demands side**

Singh (2008) says "any network of course is more than the sum of dyadic interactions between them and each dyadic relationship gets affected by the



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embedded context in which they operate and the connectedness which is defined as the context to which any exchange relationship is contingent in the exchange in any other relationship".

Further to this, Leonard et al (2009), says "culture influences what people communicate, to whom they communicate, and how they communicate". Fletcher and Fang (2006) also argued that "The actors are a product of the culture from which they originate, the activities undertaken are both influenced by and in turn influence the culture of the locale in which they are undertaken and the way in which resources are transformed can also be influenced by cultural considerations". All these statements show that national and societal culture has strong influence on the creation of relationships amongst actors of ASSC.

Furthermore, previous statements indicated that the adopted method of communication amongst actors of a supply chain is affected by cultural variables and cultural background. In general, culture has been defined as a collective understanding of the mind which includes, beliefs and values that shape the behaviour, attitudes and habits of individuals and distinguishes one group from another (Pun & Jaggernath-Furlonge, 2012). Based on this definition, the nature of relationships between retail firms and their consumers, and their suppliers, would be affected by national culture in a specific market.

Consequently, adopting specific communication methods would be influenced by this culture. In demand side, downstream relationships (between retail firms and consumers) would be reinforced by communication methods. This communication method takes different forms in demand side of ASSC. Communication forms include after-sales interaction modes and promotions. Therefore, culture variables in emerging markets would affect the adoption of specific after-sales interaction modes and promotion method.

Culture would also influence the adoption of IT in processing after-sales and promotion. The infusion of IT would offer an opportunity for SME to increase competitive advantage while processing after-sales. IT, for example, helps

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SME retail firms to reduce the cost of after-sales and increase lead-time in terms of delivery of after-sales. National culture, however, may represent a main element of resistance to adopt IT in processing after-sales and in promoting offers of SME retail firms (Danisman, 2010). The impact of culture on the creation of relationships between retail firms and their consumers will be discussed in two main points. They are, contact modes of after-sales and the promotion.

#### 2.5.1.1.2.1 *The Impact of Culture on Adoption of After-sales Contact Mode*

It has been argued that social and cultural differences can affect the communication process and, influence the adoption of communication negatively or positively (Leonard et al, 2009). In other words, the nature of societies and social culture would affect the adoption of a specific contact mode of after-sales. This is because retail firms on one hand are embedded in national societies. On the other hand, consumers are affected by social culture.

In same vein, Fletcher and Fang (2006) argued that a culture-specific approach would be a suitable method in understanding culture, social behaviour and attitude in a specific society. Based on this argument, because of the differences that exist between established markets, and emerging markets, in terms of the formation of a supply chain and the nature of relationships within this supply chain.

These differences include:

1. Emerging markets exhibit much greater collectivism and co-operation, rather than competition within supply chains;
2. Emerging markets are more particularist rather than universalist, and formed relationships tend to be formed for a specific purpose and, consequently, formed relationships are likely to be more flexible;
3. Context in emerging markets are specific as opposed to diffuse context will play a greater role in relationship formation (Fletcher & Melewar, 2001 cited in Fletcher & Fang, 2006).

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Therefore, in order to create competitive advantage SME retail firms need to create relationships with consumers and suppliers within the context of national culture. In other words, SME retail firms need to build after-sales mode (relationships within downstream relationships) that consider the speciality and particularity of societal culture in a specific emerging market.

In the context of the home appliances industry, specifically, consumer's purchasing decision is related to cultural variables (Subrahmanyam & Gomez-Arias, 2008; Gothan & Erasmus, 2008; Donoghue et al, 2011). Therefore, retail firms being close to consumers, and suppliers, can create a required mode of after-sales and choosing a suitable communication method while processing after-sales would affect consumers' perception of service quality (Malhotra et al, 2005; Gothan & Erasmus, 2008; Donoghue et al, 2011).

Generally, it has been argued that there are three contact modes of after-sales. They are, traditional face-to-face after-sales; multiple media , voice-to-voice, such as toll-free telephone support, and, finally, technology and IT mediated service interaction (bit-to-bit) such as email, on-line service and other method of IT(Birgelen et al, 2002). Since SME retail firms are embedded and influenced by the societal culture where they operate, this may necessitate the study of socio-cultural factors and, culture variables in emerging markets. Cultural factors, include individualism against collectivism and resistance to change towards the implantation of IT and power distance culture (Hofstede, 1980).

The nature of a relationship between SME retail firms and consumers in a specific market would be affected by societies norm of individualism or collectivism (Hofstede, 1980; 1991). Like other emerging markets, Egypt has been recognised to have a high level of collectivism, high power distance and, high uncertainty avoidance (Hofstede, 2001). Cultural variable in an Egyptian market would define the mode of after-sales between SME retail firms and their consumers in the context of home appliances, as a method of competitive advantage.

In terms of after-sales services, Birgelen et al (2002) argue that, in individualism, national culture perceive technology-based after-sales services as a positive impact on customer satisfaction. More recently, Malhotra et al (2005) and Leonard et al (2009) agreed with Birgelen et al (2002), where they argued that non-personal contact is relatively more important in developed countries.

In Egypt, for example, it is evident that non-store-based retailers became more numerous. However, consumers did not respond quickly to non-personal contact mode. As it shows in table (4) below, the home appliances industry in-store base is the only distribution format used in Egyptian market. Furthermore, using the communication technology, such as, the internet, is not popular, in an Egyptian market in the context of retailing of home appliances (Euromonitor International, 2012).

Retail Volume%	2006	2007	2008	2009	2010	2011
<b>Store-based Retailing</b>						
Durable goods retailers	67.1	67.1	67.1	67.1	67.1	69.3
Kitchen specialist multiples	10.8	10.8	10.9	10.9	10.8	11.6
Kitchen specialist independents	8.9	8.9	8.9	8.9	8.9	8.1
Electrical goods retailers multiples	16.2	16.2	16.1	16.1	16.2	16.0
Electrical goods retailers independents	31.2	31.2	31.1	31.1	31.2	33.5
<b>Non-store Retailing</b>						
Home shopping	-	-	-	-	-	-
Internet retailing	-	-	-	-	-	-
Direct selling	-	-	-	-	-	-

Table 4: Major Appliances by Distribution Format 2006-2011(source: Euromonitor International, 2012)

In addition to this, in high uncertainty avoidance culture, the technology-based after-sales service quality is perceived as less important for customer satisfaction. Consumers in emerging markets generally prefer face-to-face contact mode (Birgelen et al, 2002). The preference of face-to-face contact mode of after-sales or personalisation refers to two reasons. Firstly, consumers have low active participation in the services delivery process, therefore, consumer's satisfaction with after-sales will determined by services engineer's performance. Secondly, traditional after-sales services context are adapted to contextual and social cues.



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However, the author argued that the contextual, and social, cues will result in minimisation of national cultural effect (Birgelen et al, 2002). Based on this argument, authors assume that culture, context and social cues are different. More recently, Danisman (2010) argued that in collectivists societies, societal-based patterns of understandings and meanings systems gather around personalised relations (Danisman, 2010).

From this perspective, it can be argued that the social pattern of a relationship is embedded in cultural variables and national culture also influences the creation of relationship in emerging market. The other determinant of culture, which would determine the contact mode of after-sales services, is cultural power distances (Hofstede, 1991).

It has been argued that in high power distance societies of emerging markets, consumers perceive technology-based after-sales service contact mode as positive element of customer satisfaction (Birgelen et al, 2002). However, Hofstede (1980), Malhotra et al (2005) and Leonard et al (2009) contradict this argument as they agree that in high power distance societies, consumers depend on service providers in processing after-sales and, rely on personal contact, rather than technology as a mode of after-sales.

#### 2.5.1.1.2.2 *The Impact of Culture on Adoption of Promotion Method*

It has been argued that advances in communication technologies have made great progress in bridging time and distance (Leonard et al, 2009). From this perspective IT would help SME retail firms deliver the required after-sales to their consumers. On the other hand, IT would also help SME retail firms to cooperate with suppliers in processing after-sales that meet consumers' demand in specific market. On a practical level, IT and the infusion of new technology would help SME retail firms to decrease the cost of delivering the required after-sales services in a specific market (Christopher, 2010).

In order to create a value chain, SME retail firms need to enhance the relationship management and adopt effective tools of communication method including promotion. Considering that communication processes occur in a

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specific cultural contexts, with unique normative beliefs, assumptions, and shared symbols (Leonard et al, 2009). In addition to this, culture shapes resistance to bring change amongst actors of a supply chain (Danisman, 2010).

Therefore, societal culture in a specific market would represent an important driver, or obstruction when SME retail firms adopt IT as a motherhood of promotion while processing after-sales services. Promotion of offers available in SME retail firms appears to take place into two stages of transactions. The first stage is in pre-transaction of appliances' purchase and, pre-transaction of after-sales. Secondly, promotion may occur during purchase of appliances and during the process of after-sales.

As SME retail firms emphasise relationship marketing, especially developing "social network mode" (Zontanos & Anderson, 2004) in collectivists' societies, this mode refers to developing relationships with consumers while processing after-sales. In this context, the overall perception of after-sales quality would affect customer's satisfaction and, as a result, influence positive word-of-mouth communication, recommendation and, loyalty (Rigopoulou et al, 2008). Word-of-mouth communication can be effective, free and spread rapidly within an interpersonal level.

This method would be a suitable method for SME retail firms that lack enough financial, and human, resources. Therefore, in order to create customer value, and increase competitive advantage, SME retail firms need to manage some elements of after-sales. These include: technical support, installation, maintenance, information, recommendation, warranty operations, customer loyalty programmes and, after-sales service liability commitments (Walters & Rainbird, 2004).

It has been argued that household appliances represent a category of complex, durable and expensive products which require more extensive information search before concluding buying decisions (Gothan & Erasmus, 2008). In order to receive more information regarding home appliances,

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consumers may use personal or non-person information. Personal information can be obtained from friends, family, relatives and retailers themselves. In this context, Subrahmanyam and Gomez-Arias (2008) argued that information obtained from friends and family is generally considered more trustworthy than other sources of information.

However, Hofstede (1980; 1991), Gothan, Erasmus (2008) and Malhotra et al (2005) agreed that in collectivist societies, consumers rely on service providers in getting information and assurance of getting after-sales services. More specifically, Kotler et al (1999) argued that buyers of home appliances are affected by personal influence and, consumers' purchase decisions go beyond mass-media to seek the opinion and knowledge of people. Therefore, SME retail firms in collectivist societies can use social capital, social interaction and, personal connectivity, so that they create emotional bonds, long-term and trust relationships (Malhotra et al, 2005; Subrahmanyam & Gomez-Arias, 2008) with consumers.

On a practical level, societal culture may represent sources of resistance towards adoption of IT within a supply chain and as a method of promotion (Danisman, 2010). Unlike established markets, high uncertainty avoidance societies of emerging markets reveal a preference for long-term predictability of rules, relationships and avoid risk-taking (Cagliano et al, 2011).

People in these societies tend to resist changes (Welsh & Raven, 2006; Ahmed, 2010) and avoid any predictable, or unclear, situations (Nwankwo & Aiyeku, 2002). From the perspective of resistance to change, De Kervenoael et al (2006) argued that "consumer resistance to the adoption of the new channel should be addressed not only from a technological perspective but also from the social aspects of online shopping". This gives the indication that consumers, and even other participants of supply chain may resist the adoption of IT as a method of communication and promotion. This is because social and cultural variables can affect the adoption of IT and shape such resistance (Danisman, 2010).

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In high power distance culture, for example people focus on symbols, cues and personalised reactions (Leonard et al, 2010). Whereas people in individual societies seem to be more innovative and have enough self-confidence to use IT in getting information relating to appliances and offers available in the local market (Birgelen et al, 2002; Malhotra et al, 2005).

### **2.5.1.2 Supply Chain (Upstream Relationships)**

Supply chain within ASSC refers to the relationship between retail firms and their suppliers. In general there are three levels of inter-dependent relationships. Namely, intra-organisational; Dyadic relationship and, inter-organisational relationship. Each level reflects different a strength of cooperation or integration of the after-sales process.

Intra-organisational relationships exist among the different departments and company activities. A dyadic relationship refers to the relationship between retail firms and suppliers or, with consumers. Whereas, inter-organisational relationship means that retail firms have a direct relationship with consumers and direct relationships with suppliers (Martino & Morvillo, 2008). Considering that, the process of after-sales within ASSC requires SME retail firms to involve in downstream and upstream relationships.

Therefore, in order to maintain and manage an effective cost of after-sales, and to strengthen competitive position, SME retail firms need to adopt inter-organisational relationship. It could represent a suitable type of relationship because it enables SME retail firms to work closely with their suppliers by integrating logistical practices of after-sales (Ferrer et al, 2010). From the perspective of inter-organisational relationship, there is a spectrum of possible supply chain relationships from arm's length to long-term alliances (Ferrer et al, 2010). As it can be seen in table (5) below that this spectrum contains four prominent types of inter-firm relationship which identify possible relationships in ASSC of the home appliances industry.



Relationship	Supply base	Methods
Arm's length	Multiple sourcing	Competitive tending and spot buying
Cooperative	Fewer suppliers	Negotiation and preferred suppliers with framework agreements
Collaborative	Possible single sourcing	Open book
Partnership	Single sourcing	Joint working towards continuous improvements

Table 5: Possible types of relationships in supply side (source: Emmett & Crocker, 2006)

The first inter-firm relationship type is contractual work agreements, which known as arm's-length relationships. Arm's-length relationships can be a suitable approach to be adopted by manufacturers, or whole sales distributors, because this approach may lead to the so-called "low-cost producer". From the perspective of cost, manufacturers would be able to reduce, or eliminate, the cost of inventory' buffers from manufacturers to consumers within the supply chain (Christopher, 2005; 2010).

However, Arm's-length relationships represent a narrow concept which reflects a single or limited plan to flow product and associated after-sales, through a single plan and limited goal (reducing cost). Within the Arm's-length relationships, power usually transfer from manufactures in the channel of supply chain to the consumers. Therefore, Arm's-length relationships became inappropriate because, the new perspective of the supply chain assume that consumers should start any supply chain.

Furthermore, power need to be transferred from consumers to the distributors "customer backwards" (Christopher, 2005; 2010). The second type of inter-organisational relationship relates to the cooperative agreements. According to cooperative agreements, participants of ASSC make arrangements to share resources, whether tangible or intangible, and search for different goals by redesigning of after-sales that meet consumers demand.

This type of relationship distinguishes from arm's-length relationship which relies on higher levels of trust, moderate level of power and long-term orientation. In this type of relationship, participants of a supply chain aim to

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decrease transaction costs when delivering appliances, and associated after-sales, by sharing access to services, manpower and, information (Ferrer et al, 2010).

The third component of the inter-firm relationships typology is a collaboration relationship, which seems to be closer to the alliance (that occupied an end of continuum). In a collaboration relationship, participants are involved in a new structure with durable, long-term relationships and full commitment to work more closely. Participants also need to share their mission, vision and a high level of trust.

Collaboration requires participants to seek unified synergy, goals, seek structured communication channels and, information exchange (Ferrer et al, 2010; Cheng, 2011; Cao & Zhang, 2011; Singh, 2011). However, sharing risks among actors of a supply chain is greater in a collaboration relationship because participants of a supply chain distribute resources and power unequally. The motivation being involved in a collaborative relationship, is to improve performance by expanding and controlling the market (Ferrer et al, 2010).

The last type of inter-organisational relationships is alliances, which refers to the structured arrangement of an exchange relationship among actors of a supply chain, without creating a new entity (Ferrer et al, 2010). An alliance is an advanced, and complex, method of inter-organisational relationship because it requires building a long-term relationship, developing new resources or skills and, aims to enhance the competitive position for each participant (Ferrer et al, 2010).

In this type of relationship, the commitment and trust drive the success or failure of a supply chain alliance (Ferrer et al, 2010). Although integration between suppliers and their customers has become an important subjects among researchers and practitioners (Sandberg, 2007), a collaboration relationship represents the best practice within the supply chain and logistics (Sandberg, 2007) for many reasons.

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The first reason behind the preference of collaboration relationships is that collaborative relationship puts more emphasis on governance through relational and contract means. On the other hand, integration puts more emphasis on central control or the process of integration governed by contract means (Cao & Zhang, 2011). The second reason is that a collaborative relationship has better a construct (comparing to integration). A collaborative relationship requires adopting relationships among participants of an after-sales supply chain. These relationships reflect comprehensive planning and seamless linkages (Ferrer et al, 2010; Cao & Zhang, 2011).

Thirdly, a collaborative relationship puts emphasis on the components of relational communication and knowledge creation (Ferrer et al, 2010; Cao & Zhang, 2011; Cheng, 2011). Communication can be an important element for managing the relationship between retail firms and their suppliers. From this perspective, communication may represent a technique that increases the whole value chain.

This is because communication can be considered as a method which helps suppliers to understand, and explore, consumers demand in terms of after-sales. In this situation, retail firms play an important role in conveying consumer demand to suppliers, so that the supplier responds to this demand. Communication is also an important element for the promotion of offers related to after-sales and help firms to respond to consumer demand quickly. Furthermore, communication, and IT, contribute to a decrease in the cost of after-sales and, increase the time for responding to consumer demand.

The fourth reason is that a collaborative relationship can be explored from a different perspective including a resource based view, relational based view (Cao & Zhang, 2011) relational governance and, information sharing (Cheng, 2011). Resource-based view has different concepts that can be used by retail firms, such as resource capabilities and strategic assets (Barney, 1991; Srivastava et al, 2001; Dyer & Hatch, 2006).

Resource-based views may represent an important strategy or managing competitive advantage for SME retail firms. This requires SME retail firms to enhance their ability to combine available resources and, create relationships with their consumers and suppliers "non-substitutable" so that their competitors cannot imitate this (Dyer & Singh, 1998). Relationship marketing can be an essential element in creating value for retail firms and, other participants of supply chain.

More specifically, SME retail firms can create a network of after-sales by developing direct relationship with consumers, and, sources of supply, with consideration to cultural variables in a nation market. Moreover, SME retail firms need to use communication methods that strengthen a downstream and upstream relationships. Using a suitable communication method would help retail firms to cooperate and coordinate with their suppliers while delivering required after-sales to their consumers. Fifthly, collaborative logistics activities typically, are based on joint planning and sharing the information related to demand side and supply side within the ASSC.

In this context, a communication method would represent an important relationship marketing strategy that a SME retail firms can use to create effective relationships with participants of a supply chain. In more detail, SME retail firms are closer to consumers and have more knowledge about their requirement. SME retail firms can provide suppliers with information in term of after-sales.

However; without the cooperation of SME retail firms, suppliers would not be able to respond to consumer's demand in term of after-sales. Once again, the importance of the communication method appear to be an essential element in sharing information (Ferrer et al, 2009; Cheng, 2011) and exchanging information (Fiala, 2005; Chu & Lee, 2006) between retail firms and their suppliers. Communication method have also become an important element in managing inter-organisational relationships.



On the other hand, miscommunication between retail firms and suppliers would cause conflicts and lead to failures in collaboration (Cao & Zhang, 2011). The final reason behind the preference of adopting a collaborative relationship is that SME retail firms lack a supply chain management team and, lack guide lines of alliances (Zahedirad & Shivaraj, 2011). This necessitates the collaboration between SMEs and their suppliers because the competitiveness of SMEs depends upon competitiveness of their suppliers in managing competitive advantage (Singh, 2011). In summary, table (6) below exhibits some benefits of the collaboration of a supply chain.

Aspect	Benefits of collaboration
Forecast accuracy	Increased external visibility will force better accuracy.
Lead time	Reduction following sharing and joint improvements.
Inventory	Reduced as stock levels fall.
Utilisation of resources	Improved with leaner operation with less waste.
Costs	Reduced and improved
Service levels	Increased and improved
People	Trust and improved relationships

**Table 6: Benefits from collaborative relationship (source: Emmett and Crocker, 2006)**

However, supply chain relationships involve social-psychological network management and, strategic factors (Ferrer et al, 2010). The socio-psychological factors encompass the power, leadership structure; trust building processes; risk and reward structure; mutuality and, organisational culture. Risk, reward and power influence a firm's commitment of collaboration and cooperation in an after-sales services supply chain (Ferrer et al, 2010). In addition to this, top management and firms' behaviour in terms of logistic activities of after-sales is an important determinant for high intensity collaboration (Sandberg, 2007).

Organisational culture may also determine the behaviouristic aspects include trust; interdependency; sharing reward and risk; reciprocity and, mutual understanding and commitments (Zahedirad & Shivaraj, 2011). These

behaviouristic aspects would be reflected in joint actions between retail firms and suppliers. These physical actions include sharing data; sharing information; communication and, sharing technology (Zahedirad & Shivaraj, 2011). The following part will explain the impact of culture within the supply side of ASSC (organisational culture).

#### **2.5.1.2.1 The Impact of Organisational Culture on the Creation of Relationships**

Organisation culture has been defined by Emmett and Crocker (2006:84) as "the way we do things around here". Organisation culture can be classified into two types, "formal and informal". Formal culture means published, overt missions, goals, rules and procedures of specific company. Whereas, informal culture refers to covert and unspecified values and beliefs, which contain some contrast and differences between two companies or sectors.

On a practical level, total culture, (formal and informal), reflects different forms of management styles that interpret ways of managing and creating relationships among actors of a supply chain, and processing after-sales within the ASSC. In the context of ASSC, organisational culture refers to actions that participants take towards the creation of relationships. This includes the commitment to create customer value and creating the whole value of a supply chain (Chen & Hsieh, 2008).

From this perspective, both SME retail firms, and suppliers, are require to adopt service culture which necessitates change from the traditional process of after-sales to collaboration (Gronroos, 1990). Since, power refers to the ability of one particular participant to do something, or the ability to control the decision strategy over other participants of after-sales supply chain (Salam, 2011). In case of an imbalance of power between retail firms and their suppliers, this may influence the creation of long-term relationship negatively (Ferrer et al, 2010).

This in turn would affect the delivery of after-sales to consumers in a specific market. However, organisational culture would determine the adoption of

power or the coordination of relationships between retail firms and their participants (Emmett & Crocker, 2006). In other words, to what extent do retailers, and suppliers, have services orientation and supply chain relationships.

The adoption of collaboration relationships would balance the power and dependency between retail firms and suppliers within the ASSC (Salam, 2011). Furthermore, adopting coordination relationships would help to regulate governance between retailers and their suppliers. In consideration of service culture, the coordination between SME retail firms and their suppliers would decrease the power imbalance while they process after-sales within the supply chain.

This may refer to promoting inter-firm power (Ferrer et al, 2010; Salam, 2011) which requires regulating governance and controlling decision making, by sharing strategies of after-sales delivery. This cooperation relationship would enable retailers, and suppliers, to use relative power in achieving operational and commercial outcomes (Cox et al, 2004; Salam, 2011).

From the perspective of organisational culture, in literature it was evident that communication, trust and commitment have a strong impact on the economic and non-economic satisfaction (Rodriguez et al, 2006). More recently Beugelsdijk et al, (2009) agreed with Rodriguez et al, (2006) in terms of the positive association between trust, commitment, communication and, relationship performance (direct and indirect).

However, Beugelsdijk et al (2009) argued that there was no negative association between differences in organisational culture and relationship performance. According to this result, it can be concluded that the differences in retail firms' culture and suppliers' culture in the same national market (same nation culture) would not affect the relationship between them and would not affect the process of after-sales within the ASSC.

### **2.5.1.2.2 The Impact of Cultural Differences within International Context**

In the context of international business, the management of a relationship could be more complex. This complexity refers to the influence of each actor's original culture on the creation of the relationship and, the formation of supply chain (Fletcher & Fang, 2006). Since each party of ASSC has embedded in its national culture, such a culture would influence expectations and behaviour and, thereby the satisfaction with business relationships (Voldnes et al, 2012).

On a practical level, in the case of the creation of relationships between SME retail firms from emerging markets and suppliers from established markets, these relationships would be affected by both cultures. Consequently, cultural differences between SME retail firms, and international suppliers, would affect the adoption of a specific type of relationship and, would affect the adoption of a communication method as well, while processing the after-sales within the ASSC.

From the perspective of cultural difference, Hofstede (1994), for example, says that "the business of international business is culture". Culture would represent an important element in the creation of relationships and ASSC formation. In an international context, each participant of ASSC is embedded in specific culture. This would influence the behaviour of each participant, in terms of the creation of relationships within the supply chain.

Cultural characteristics, like individualism/collectivism, high/low uncertainty avoidance; low/high power distance (Hofstede, 1980), would affect the creation of the cross-national business relationship. Differences in cultural dimensions would determine the perceived nature of the relationship between retail firms and suppliers. Furthermore, cultural variables would also determine the pattern of communication between retail firms and supplier. Consequently, cultural variables in each market would affect the adoption of IT while processing after-sales in the supply side.



In collectivist societies, people perceive personal interaction as a reliable method of communication while individualists societies relatively focus on technology (Malhotra et al, 2005). Furthermore, in collectivist societies patterns of understanding, and meaning systems, usually gather around personalised relations (Danisman, 2010).

According to this fact, in the case where retailers and suppliers belong to different cultures, this would influence the creation of a relationship while processing of after-sales within a supply chain. Cultural differences between retail firms and their suppliers also may influence the adoption of a communication method and adoption of IT in processing after-sales between retail firms and suppliers.

In literature, it is evident that in individualism, low-power distance and weak uncertainty avoidance, people tend to be innovative and take risks more easily than people in an established market (Hofstede, 1980; Welsh & Raven, 2006; Ahmed, 1999; Cagliano et al, 2011). From this perspective, participants from established markets would adopt IT as a method of communication, whereas, participants from emerging markets resist change towards the adoption of relationships and adoption of IT, while processing after-sales.

Malhotra et al (2005), for example, argued that firms in emerging markets are on the first level of relationship marketing whereas, firms in the established markets are on higher levels of relationship marketing. This reflects that participants from individualistic societies put emphasis on understanding their customers and, try to respond to their requirements in terms of processing after-sales and adopting pattern of communication that meet customers' expectations.

Voldnes et al (2012) argued that participants involved in international business, who are usually embedded in different cultures, would influence the expectations, behaviour and, satisfaction of business relationships. According to this argument, the national culture of retail firms, and suppliers (from emerging or established markets), would influence the creation of

relationships while processing after-sales within the ASSC. This includes the adoption of a specific kind of communication, promotional method and adoption of IT while processing after-sales within the supply chain.

### **2.5.1.2.3 The Impact of Societal Culture on the Creation of Relationships in Supply Side**

As it has been explained previously, there are different types of inter-firm relationship and it extends from arm's length to long-term alliances supply chain relationships (Ferrer et al, 2010). Since supply chain relationships involve social-psychological network management and strategic factors (Ferrer et al, 2010) the social and cultural variables in a specific market would influence the creation of relationships between retail firms and their suppliers. The impact of societal culture on the creation of relationships on the supply side will be explained in two ways. They are: power and resistance towards the adoption of different types of relationship and in adopting IT while process after-sales within the ASSC.

#### *2.5.1.2.3.1 The Effect of Power on the Creation of Relationships in Supply Side*

In literature, power has been defined as the ability of a particular participant over the other participant of a supply chain, while they process after-sales. In the supply side of after-sales, a relationship takes place between retail firms and suppliers. In inter-firm, relationship power refers to the ability of retail firms, or suppliers, to control decisions while processing after-sales within the supply chain.

In the continuum of inter-firm relationship, power ranges on the organisational structure continuum, from centralised command and control mechanical structure at one end, to decentralising at the end of continuum (Emmett & Crocker, 2006). For example, adopting arm's length, suppliers use a high level of power over their retailers. Whereas, in collaboration relationships, power would be moderated between retail firms and their suppliers by promoting inter-firm power (Salam, 2011).

Generally, when participants of a supply chain misuse their power while they process after-sales, this could negatively affect the creation of relationships.

Misuse of power also disturbs the maintenance of long-term relationship between retail firms and suppliers (Emmett & Crocker, 2006; Ferrer et al, 2010). In literature, it is evident that culture in emerging markets represents an important determinant for the adoption the relationships in the supply side and the formation of ASSC.

Danisman (2010), for example, argued that it can be difficult to implement a professionally running organisation design. This refers to the nature of the societal-based pattern of understanding in emerging markets, which gathered around a personalisation in the relationship. In addition to this, Cagliano et al (2011) argued that cultural variables in a specific market, would explain different patterns in the adoption of new forms of organisation model.

On a practical level, broad societal culture in emerging markets would play an important role in using power between SME retail firms, and their supplier, while they process after-sales. Furthermore, this societal culture would determine the type of relationship between SME retail firms and their suppliers. In a society that is described as collectivist, and high-power distance societies, the more powerful party, whether retailers or suppliers, usually make decisions on the after-sales process.

In such societies, an inequality of power would be acceptable between participants of a supply chain. Therefore, in emerging markets, participants of ASSC tend to use coercive or reward power while they process after-sales on the supply side (Flynn et al, 2008; Cagliano et al, 2001). In a similar vein, Hofstede et al (2002) argued that in high power distance culture, people tend to use power because using such power needs less legitimisation.

Therefore, any party involve in a retailer-supplier relationship would implement coercive or reward power while they process after-sales within the supply side of ASSC. In more detail, in less legitimised societies, such as emerging markets, SME retail firms may use their power over their suppliers so that they respond to customers' requirements regarding after-sales. In this respect, SME retail firms need to determine the proper time, and suitable way, to use

power over suppliers. Choosing the right time for using power over suppliers, aims to influence suppliers' behaviours (Cox et al, 2004; Zhao et al, 2008; Flynn et al, 2008).

Although the imbalance of power has a negative effect on the creation of the relationship, using coercive or reward power in less legitimatisation markets would force suppliers to accept retailers' actions in terms of after-sales. Suppliers, in turn, willingly accept retailers' actions because a mediated source of power would encourage congruence in value and norms of behaviour between supplier and retailers (Flynn et al, 2008; Zhao et al, 2008). In collectivist societies, where culture is a concern for a feeling of belonging, dependency and reciprocity, it may be suitable to use a mediated source of power between retail firms and their suppliers. In such societies, SME retail firms can use the so-called instrumental relationship commitment (Flynn et al, 2008), which refers to building personal relationships between SME retail firms and suppliers.

Within an instrumental relationship commitment, SME retail firms may need to create an obligation while they process after-sales on the supply side. Such an obligation may compensate for the absence of legitimatisation in emerging markets. Furthermore, mediated power may help firms to achieve many benefits, such as regulation of relationship between retail firms and suppliers, decreasing opportunism and prevent the exploitation of partners.

#### 2.5.1.2.3.2 *Resistance to Change towards the Adoption of Relationship*

Pun and Jaggernath-Furlonge (2011) defined culture as a collective understanding which include beliefs and values that shape the behaviour, attitudes and habits of individuals, and distinguishes one group from another. In the context of a supply chain, there is a strong recognition that cultures of organisations follow the contour of societal culture (Hofstede, 1985; Trompenaars & Hampden-Turner, 1998).

More recently, Danisman (2010) argued that "cultures of organizations are embedded in a broader societal culture... Managerial decisions toward a



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professionally running organizational design are difficult to implement due to societal-based patterns of understandings and meaning systems gathered around status, hierarchy, and emotion-based (personalized) relations in the company". From this perspective, broader societal culture in emerging markets would influence the adoption of the relationship while processing of after-sales within a supply chain. Same societal culture also shapes the resistance to change towards the adoption of relationships between retailers and suppliers in processing after-sales. In a similar vein, it has been argued that "habitus" represents an important driver for social transformation (Bourdieu, 2000; Reay, 2004).

From this perspective, "habitus" (Bourdieu, 2000), would also constitute resistance to change towards relationships between retail firms and suppliers. Furthermore, "habitus", (Bourdieu, 2000), would form resistance towards using IT as a method of communication between retailers and, other participants of ASSC. On a practical level, when retail firms attempt to change traditional, (transactional), practices of after-sales within the ASSC, other participants, (supplier and consumers), may conduct their behaviour to maintaining the status quo, in face of change towards the adoption of relationships among actors of the supply chain. Waller (cited in Emmett & Crocker, 2006:116) summarised the role of habitus in adopting special practices by participants of a supply chain when he said "we have been taught to compete; nobody has taught us to work together". On the supply side, Foucault (1980) argued that power and resistance implicate each other.

More recently, Thomas and Hardy (2011) argued that power and resistance constitute organisational change. From this perspective, when retail firms adopt a cooperative relationship and adopt IT while processing after-sales, some suppliers may be resistant to such a change. Participants, whether retail firms or suppliers, are in dynamic contention between forces pushing for change and, forces resistant to change (Trompenaars & Woolliams, 2003).

Therefore, practical theory offers a possible alternative to social change. This change may require time through the negotiation between participants of

supply side (King, 2000; Thomas & Hardy, 2011). For example, in the UK, the adoption of a collaboration relationship is required long term and requires passing through three models of change in participants' thinking; as is shown in table (7) below.

<b>Old supply chain approach</b>	<b>Newer supply chain approach</b>	<b>Emerging supply chain approach</b>
Linear thinking	Network thinking	Systems (links and loops) thinking
Collaborative at first level only	Collaborative beyond first levels	Collaborative and seamless in scope
Fixed contractual arrangements at arm's length	Fixed arrangements /boundaries /contacts	Virtual arrangements, unbounded and innovative
Horizontal flow chart shape	Venn shape	Petal/shamrock shape
Rigid	Connected	Fluid

**Table 7: Stages of adopting collaboration approach in the UK (source: Emmett & Crocker, 2006)**

Generally, it has been argued, that, unlike established market, high uncertainty avoidance societies of emerging markets reveal a preference for long-term predictability of rules, relationships and avoid risk-taking (Cagliano et al, 2011). People in these societies tend to resist changes (Welsh& Raven, 2006; Ahmed, 2010). Individuals in such societies avoid any predictable or unclear situations (Nwankwo & Aiyeku, 2002) and unwilling to accept ambiguity (Hofstede, 1980). Furthermore, societal culture, or national culture is considered as an important element that explains the differences in the adoption of a specific organisation model and, influences the adoption of management practices (Cagliano et al, 2011).

Unlike established markets, in emerging markets for example, it can be hard to separate markets from societies (Jansson, 2007). National culture also has direct influence on firms' activities (Hofstede, 1980), because cultural norms, and beliefs, represent a powerful force, shaping people's perception, predisposition and, behaviour (Voldnes et al, 2012).

According to this fact, broad societal culture in emerging markets would affect the change process of after-sales, from "silo" functions to "holistic" processes,

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which requires, collaboration among actors of a supply chain and uses IT to connect these participants (Emmett & Crocker, 2006). This is based on an article by Foucault (1980), who argued that resistance and power are linked and the transformation to a holistic relationship require high level of trust.

A holistic relationship also requires dependency, cooperation and commitment between retail firms and their suppliers. This situation would make the adoption of relationships in emerging markets more difficult than in an established market. This refers to the idea that emerging markets are less legitimatised markets and, participants tend to use coercive or reward power. Using such power may undermine the adoption of the relationship between retail firms and suppliers.

In the context of supply chain, Fletcher and Melewar (2001) argued that there are some cultural differences between emerging, and established markets. Such differences would have an impact on the relationships and, determine the degree of collaboration between retail firms and suppliers. Unlike established markets, emerging markets are more particularistic than universal and more specific as opposed to diffused.

Recently Fletcher and Fang (2006) argued that specific culture could be suitable approach to explore the impact of national culture on the creation of relationship and formation of ASSC. This is because a specific cultural approach is concerned with studying the behaviour and attitudes that distinguish people in a specific culture. However, Lorentz et al (2007) seems to contrast these arguments as they argued that general supply chain management approaches of the "West" are evident and appropriate also in the "East".

According to this argument, cultural differences between emerging markets and established markets, could not have strongly impacted on the creation of the relationship and the formation of ASSC. Furthermore, culture in both markets, has same impact on the adoption of IT as a method of communication between retail firms and their suppliers, while processing

after-sales. Generally, it can be concluded that broad societal culture in emerging markets has strong impact on the creation of relationship and the formation of after-sales supply chain. Each society has its specific culture that determines organisation behaviour in terms of relationships and the process of after-sales within the supply chain.

### **2.5.1.3 Elements that Drive the Formation of ASSC**

In literature, it has been argued that demand of home appliances is affected by macroeconomic changes and other exogenous variables (Euromonitor International, 2011). These factors influence demand of appliances and demand of after-sales. Demand of after-sales would affect the nature of the relationship between SME retail firms and other participants of ASSC and the formation of ASSC. Demand of after-sales also would determine the role that SME retail firms play in creating competitive advantage in different markets.

SME retail firms can use available resource-based views and relational views in different markets, in creating competitive advantage while processing after-sales within ASSC. At the same time, the nature of competition in the home appliance sector, would define the nature of the relationship between SME retail firms and other participants of ASSC. In this context Porter (1990, 1998) argued that creating competitive advantage is contingent on local market conditions, demand conditions of specific industries and competition in the same market.

Although, Bennett and Smith (2002) contradict Porter's contention (1990, 1998), and state that, in literature, there is evidence that SME firms use different strategies of competitive advantage in different markets. In a highly competitive market, for example, SME retail firms can use after-sales services as an integral part of the home appliances marketing strategy (Maronick, 2007; Chen et al, 2009; Heese, 2012).

However, cultural variables would determine the relationship between SME retail firms and other participants of ASSC. Cultural variables, including societal and organisational culture, would determine the formation of ASSC.



On an organisation cultural level, it has been argued that SME retail firms are less focused on integration with other participants of the supply chain (Vaaland & Heide, 2007).

Furthermore, SME retail firms face barriers when adopting collaboration in a supply chain (Zahedirad & Shivaraj, 2011). On a societal culture level, it has been argued that established markets, who have regulations to control the relationships between participants of a supply chain, use legitimated power. Whereas, in the collectivist societies, participants use reward and coercive power (Zhao et al, 2008; Flynn et al, 2008; Cagliano et al, 2001). This is because using power requires less legitimisation (Hofstede et al, 2001).

#### ***2.5.1.4 Elements that Obstruct Formation of ASSC***

Debates in literature suggest that there are two elements that can obstruct formation of ASSC and influence the creation of relationship amongst actors of ASSC. They are the resistance to change and resistance towards the adoption of IT. In this context Hofstede (1980, 1985, 1991, 2001 & 2005), Trompenaars (1994) and Trompenaars and Woolliams (2003) have agreed that cultural variables, constitute differences in the creation of relationships in emerging, and established, markets.

Cultural variables represent the main source of resistance to change (Welsh & Raven, 2006; Ahmed, 1999; Danisman, 2010; Cagliano et al, 2011) because national and organisational cultures are related (Pun & Jaggernath-Furlonge, 2011). These cultural variables, and specifically broad societal culture, influence the effort of SME retail firms towards the creation of relationship within ASSC.

In such a situation, resistance and power operate as a cycle of relationship (Foucault, 1980; Thomas & Hardy, 2011). This would affect the adoption of the relationship between SME retail firms and other participants of ASSC. In other words, when SME retail firms try to adopt a relationship with suppliers, while processing after-sales, some suppliers may not respond to consumers'

demand in terms of after-sales. In this case, SME retail firms may use their power over suppliers and vice-versa while processing after-sales.

Resistance also affects the adoption of IT as a method of communication between retail firms and other participants of ASSC. In high uncertainty avoidance in societies, for example, people tend to resist changes and avoid any non-predictable, or unclear, situations (Nwankwo & Aiyeku, 2002). People also reveal a preference for long-term predictability of rules and relationships (Cagliano et al, 2011). More specifically, in high-power distance culture, people focus on symbols and cues showing status and show respect during communication within a supply chain (Leonard et al, 2009). Therefore, in the case of adopting IT, such as the Internet and email, these symbols may not satisfy cultural requirements.

in a similar way, Hofstede (1980) argued that in collectivist societies, the emphasis is placed on belonging to organisations which are considered as a source of expertise, order, duty and, security. Kotler et al (1999) also argued that buyers of home appliances are affected by personal influence. He also argued that buyers' purchasing decisions go beyond mass-media sources to seek the opinion of knowledgeable people. This situation may shape resistance from participants of ASSC, towards the adoption of IT while processing after-sales.

### **2.5.2 Developing a Synthesis of Literature Regarding ASSC**

As can be seen in figure (7) and the above discussion, the researcher proposed a framework of ASSC. The proposed framework is a conclusion from reviewed literature and some frameworks. They include literature of demand chain, supply chain, relationship management, after-sales services supply chain, relational resource, demand diamond, organisational culture and societal cultural, communication methods within supply chains, the impact of culture on the creation of relationships and the creation of competitive advantage for SME retail firms in the context of home appliances industry in emerging markets.

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The researcher mainly used three papers to develop ASSC. Namely, understanding and managing the services supply chain by Ellram et al (2004); exploring the relationship between marketing and supply chain management by Mentzer and Gundlach (2010) and Demand-supply chain management by Hilletofth (2011).

The researcher considered elements of the service supply chain model (Ellram et al, 2004) that includes demand management, customer relationship management and supplier relationship management. Furthermore, the researcher viewed the integration between demands, supply sides and incorporated communication into marketing-SCM interaction (Mentzer & Gundlach, 2010).

Most importantly, the researcher adapted the framework of the demand-supply chain management suggested by Hilletofth (2011). However, in the ASSC the researcher focused on creating competitive advantage for SME retail firms by adopting relational view strategies as an extension to resource-based view.

Furthermore, in the proposed ASSC, the researcher added a new element to the framework that was suggested by Hilletofth (2011). This element is the impact of cultural variables on the adoption of relationships (downstream and upstream relationships). In the ASSC, the researcher addressed the impact of organisational and societal culture on the creation of relationships and, adoption of communication methods on both sides of ASSC.

Within ASSC, SME retail firms with limited resources, may create a competitive advantage, this may be achieved through understanding the conditions of retailing of the home appliances industry and, understand customers' demand in emerging markets. SME retail firms can then enhance their capabilities by developing relationships with both consumers and suppliers. Moreover, SME retail firms also address the specificity of culture in specific markets, and adopt communication methods that suit societal culture in emerging markets, while SME retail firms deliver after-sales within ASSC.

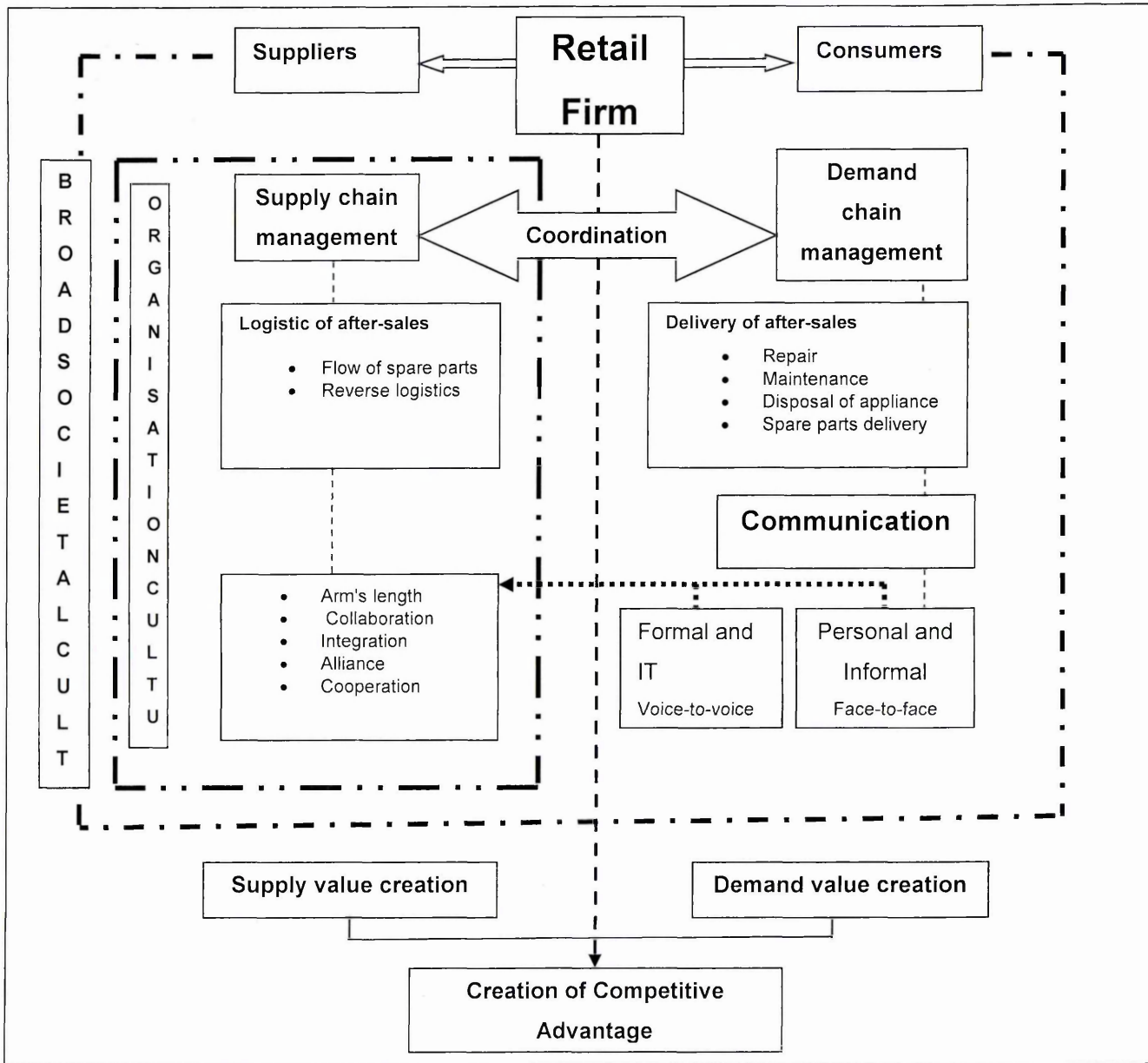


Figure 7: Framework of after-sales service supply chain



## 2.6 Conclusion

This chapter consists of two sections. The first section discussed how SME retail firms create a competitive advantage through after-sales services in the home appliances industry. The second section discussed the formation of the after-sales services supply chain that is to be used by SME retail firms in emerging markets. In order to address the method of creating competitive advantage for SME retail firms, the researcher reviewed some relevant theories and frameworks including relational-view and diamond demand of competitive advantage. In this chapter, the researcher reviewed critically the resource based view theory, its definition, advantage and the differences between the RBV and the relational view. The researcher also explained the reasons behind adopting a relational view for creating competitive advantage for SME retail firms in emerging markets instead of adopting RBV.

The second section of this chapter, the foundation of the formation of ASSC was explained including the diamond demand and the relational -view or the resource based school of relationship management strategy. The suggested model of ASSC has two types of relationships, namely, downstream and upstream relationship. The former represents the relationship between SME retail firms and consumers whereas, the later relationship focus on the relationship between SME retail firms and their suppliers. Furthermore, ASSC encompasses five components. They are, communication method on the demand side, communication method on supply side, the impact of societal culture on the adoption of communication method in both sides of ASSC, elements that drive the formation of ASSC and finally elements that obstruct the formation of ASSC.

According to reviewed the literature, it can be concluded that cultural variables have a strong impact on the creation of relationships and the adoption of the communication method within the ASSC. In addition, there are differences between the Egyptian culture and the UK culture in terms of the creation of relationships and the adoption of the communication method within the ASSC.

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In this chapter, the researcher also explained that social culture has a stronger impact on the creation of relationships and the adoption of communication methods than organisational culture has in both markets. The following section will explain the methodology and the method adopted by the researcher to fulfil the research' objectives and to answer the research' questions.

## **Chapter Three**

### **Research Methodology**

#### **3.1 Introduction**

As it has been explained in a previous chapter, this research aims to address how small-medium retail firms create competitive advantage by using after-sales in the context of home appliances in emerging markets. Furthermore, one of the objectives of this research is to explore the impact of culture on the creation of relationships between retail firms and other participants of the after-sales supply chain. This research also aims to explore the impact of culture on the formation of the supply chain. In order to achieve these objectives, the researcher planned to compare the culture of emerging and established markets.

The research strategy is determined by the nature of the research question(s). Research questions represent, the motivation to investigate and to determine the methods and methodologies, the researcher intends to apply.

Furthermore, type of research question(s) shape the research approach. This research aims to answer two main questions. Firstly, how SME retail firms use after-sales as a tool of competitive advantage within a stable after-sales service supply chain.

Secondly, what is the impact of culture on the creation of relationships and the formation of after-sales service supply chain in emerging markets. More specifically, considering communication as a tool of relationship marketing, the research aimed to explore, the impact of culture on the adoption of specific communication method and adopting IT within both sides of after-sales service supply chain in emerging markets.

The nature of the research questions show that retailers represent the main subject of this study. The intent of this research was to emancipate retailers

from their status quo. In particular, the research aims to explore ways to change retailers' actions towards adoption of relationships with both suppliers and consumers while processing after-sales services in emerging markets. Therefore, the objective of this chapter is to explain in detail the philosophical underpin adopted methodology, research approach, research strategy, method of analysis collected data and issues of validity.

## 3.2 Research Strategy

In literature many researchers agree that the research strategy is determined by the nature of the research question, such as (Field & Morse, 1995). Johnson and Clark (2006) have agreed that research questions constitute the relationship between researchers and what they intend to know. From this perspective research questions represent the motivation to investigate and determine the methods and methodologies the researcher intends to apply.

This research aims to answer questions regarding how SME retail firms use after-sales as a tool of creating competitive advantages within the after-sales supply chain. Since processing after-sales within a supply chain require the creation of relationships and communication between participants. This requirement addresses the impact of culture on the creation of this relationships and the formation of ASSC. In order to answer these questions and to meet research's objectives, it is important to choose appropriate methodology and method(s).

In this respect, Williams and May (1996) argued that some social research is conducted through using various methods of data collection such as; social surveys, field observation, interviews and the use of existing data. However, there is a wide agreement that in the context of social research there is no specific method to be used. Sayer (2000) for example, indicated that "*Social systems are always open and usually complex and messy. Unlike some natural sciences, we cannot isolate out components and examine them under controlled conditions*". Therefore, it is widely accepted that the purpose of the



research and the type of the research questions should shape the research approach (Robson, 1993; Yin, 1994; Blaikie, 2000).

In order to get the most accurate result, the researcher should choose an appropriate method of research. Therefore, there are several ways to conduct social science research. Yin (1994) pointed out that each strategy is dependent upon three conditions. Firstly, the type of research question(s) and Secondly, the control of the investigator over the actual behavioural events.

Thirdly, the focus is on contemporary as opposed to historical phenomena. In this regard, Yin (1994) put the different types of research strategies or methods into five major categories namely, experimental, survey, archive analysis, historical and case study. Table (8) below illustrates the relationship between each condition to the five major research strategies in the social science.

Method/Strategy	Form of Research Question	Required Control over Behaviour of Events	Focus on Contemporary Events
Experimental	How, why, what if?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
Historical	How, why?	No	No
Case study	How, why?	No	Yes

Table 8 represents the relationship between each condition in the five major research strategies in the social science (Yin, 1994).

The advantages and disadvantages of different research strategies depend upon the characteristics of the topic under investigations (Yin, 1994). On a similar vein, Bryman (1989) asserted that a research strategy provides "*the overall structure and orientation of an investigation*" from this perspective, both nature of research question(s) and research strategy have defined methods of this research. The strategy of this research is to apply two main primary methods. The first method is to conduct semi-structured-in depth interviews which will be referred to in this research as (Loosely structured discussion guide) with retailers of home appliances in emerging and

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established markets. The second primary method is to demonstrate observations in SME retail firms in both markets.

### **3.2.1 Philosophical Assumption Underpinning Research**

In the context of social research, philosophical assumption represent an important determinant of choosing a specific methodology for certain research. In service marketing research, understanding specific phenomena requires shifting to a subjective position (Sandberg, 2005; Malhotra & Peterson, 2001), and utilises alternative qualitative approach such as ethnography that includes observations and in-depth interviews (Sandberg, 2005; Malhotra & Peterson, 2001).

In general there are different philosophical positions researchers adopt during research investigation. They are positivism and social constructionist. Social constructionists criticise positivism and contains four interrelated approaches, those are, critical realism, critical theory, pragmatism and postmodernism (Johnson et al, 2006; Johnson & Clark, 2006). Within positivism stance, researchers conceptualise reality based on discursive narratives which raise the problem of impartiality (Johnson et al, 2006).

As the main objective of this research was to explore how retailers can use after-sales as a method of competitive advantage and how to create relationship with other participants of ASSC. Based on this objective retailers are then representing the main subject of this research. The intent of this research was to emancipate retailers from their status quo. In particular, the research aims to explore ways to change retailers' actions and address the impact of culture on the creation of relationships amongst actors of after-sales supply chain.

In order to meet this aim, an interpretive approach would be the suitable approach. An interpretive approach refers to more human-oriented research methodology (Malhotra & Peterson, 2001) and approach to human behaviour (Burton, 2001). Such concepts derive from personal experience rather than manipulated variables (Szimigin & Foxall, 2000; Burton, 2001). In other

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words, interpretive approach claims that the researcher describes the reality that is affected by his/her historical, cultural, ideological, gender-based and linguistic understanding of this reality (Sandberg, 2005). In order to explain the philosophical assumption and to explain the theoretical framework of this study, the researcher has adapted a model of Crotty (1998) as it can be seen in figure (8) below.

The strategy of this research is to apply two main primary methods. These methods are a loosely structured discussion guide and observations in SME retail firms in the home appliances industry in emerging and established markets. Interviews and observations have been conducted in Egypt which was chosen to represent emerging markets. In addition to, conducting interviews and observations in the UK which represents established markets.

The UK represents the established model that has established practices of after-sales within supply chains and relationships within the supply chains. As it has been explained previously, there are two objectives of this research. The first objective was to explore how SME retail firms create a competitive advantage by using after-sales within after-sales supply chain.

The second objective of this research was to explore the impact of culture on the creation of relationships and formation of after-sales supply chains. In other words why retailers behave in a specific way while they process after-sales in different markets this includes, the nature of relationship between retail firms and other participants of the supply chain. Furthermore, the type of communication adopted between retail firms and other participants while processing after-sales within the supply chain.

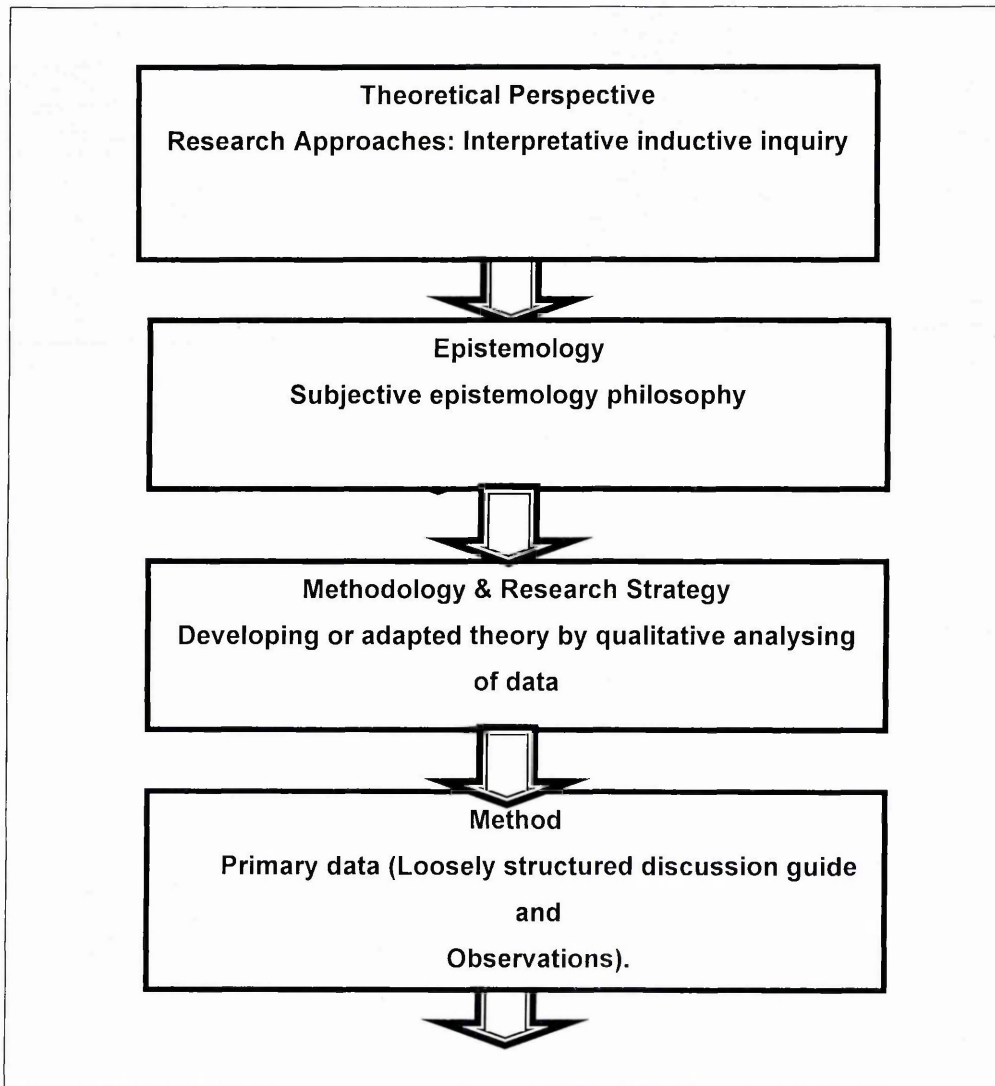


Figure 8: Adapted framework of philosophical assumption (Crotty, 1998)

In order to meet the second objective of this study the researcher conducts a comparison between the culture of established markets (the UK) and the culture of emerging markets (Egypt). Observations have been selected as a method allowing the researcher to observe participants of the supply chain in their natural setting (Flick, 2006) and studying cultures of different social groups within various societies (Thorpe & Holt, 2008).

Observations are related to interpretive paradigm because it refers to understanding phenomenon from a subjective point of view. Observations involved observing cultural variables that explain the participants' actions in



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terms of relationships and performance of after-sales within the supply chain. Observations also, describe participants' actions in term of communication method adopted between retailers and other participants of the supply chain in a natural setting (Swan& Bowers, 1998; Reckwitz, 2002; Flick, 2006).

In this study the researcher adopted a qualitative method and inductive approach so that the research objectives could be met during the data analysis. A qualitative method consists of a set of interpretive material practices that make the world visible (Denzin & Lincoln, 2000). Inductive analysis requires reading raw material thoroughly to drive concepts and themes through its interpretation (Thomas, 2006).

In general, narrative analysis has been employed in this research. The social science narrative analysis requires the interpretation of specific data, which leads to diverse methods of analysis and multiple interpretations made from the raw data by the researcher who codes the data (Thomas, 2006). Each method requires the construction of texts for further analysis. In such case, the researcher needs to select, organise and compose field notes and choose the sections of interview transcripts and observations for close review (Silverman, 2001).

However in order to provide the reader with a clear and understandable image of the data, the researcher used qualitative data analysis by identifying patterns and themes from a huge amount of qualitative data. Thematic analysis is adopted in this research where the researcher grouped many narratives into similar thematic categories and therefore, every single category refers to the same issue(s).

### 3.3 Rationalisation of Interpretivistic Philosophical Stance

The philosophical stance adopted by the researcher was Interpretivistic. This philosophy allowed the researcher to deduce data from relatively small sized samples, and therefore, such small samples could not be generalisable. Small samples helped the researcher to interpret some indications related to research subjects. Therefore, interviews and observations were appropriate methods that achieved the research objectives. However, the researcher did not use a questionnaire because it represents a restrictive element in terms of gathering data and data interpretation. Furthermore, interviews ensured high response rate and provided the researcher with a high volume of data which compensated for the shortfall of using questionnaires.

Most importantly, it has been argued that the generalization of the distribution system is a challengeable issue due to the differences of contextual variables in different markets that influence this system in different markets (Lorentz et al, 2007). In other words, theories and models that were developed for established markets may not be applicable for emerging markets due to the differences of cultural and social variables in both markets.

This research adopted a qualitative method and inductive approach so that the research objectives could be met during the data analysis. A qualitative method consists of a set of interpretive material practices that make the world visible (Denzin & Lincoln, 2000). Inductive analysis refers to reading raw material thoroughly to derive concepts and themes through its interpretation (Thomas, 2006).

In order to gain an interpretation of the data, the researcher has arranged and organised the raw data properly. As the process of ordering data was important to comprehend related data and exclude unrelated data. In this study, the researcher has coded raw data by highlighting the related categories and commenting on them in the margins of transcriptions. This process, allowed the researcher to organise the discussion into many stages.

The key features of coding were carried out by considering and constructing the thematic headings of the data analysing process as it can be seen in appendix (4). Themes that were identified from the loosely structured discussion guide were the same themes identified from observations in both markets. Data from interviews and observations were coded and grouped into five main categories as it can be seen in appendix (4 & 5). Each category represents the issues related to creating a competitive advantage for SME retail firms by using after-sales services within the ASSC. Each category has sub-categories that cover related issues.

However, the third and fourth categories were not applicable for the UK market because supply chains already exist. The main five categories were:

1. Elements related to the construction of a demand chain of after-sales services;
2. Elements related to the supply chain;
3. Elements that drive formation of after-sales supply chain;
4. Elements that obstruct the formation of the after-sales supply chain;
5. The impact of culture on the creation of relationships amongst actors of the supply chain. More detail will be explained in chapter five (data analysis chapter).

### **3.3.1 The Research Questions**

This research is driven by two main questions:

1. How SME retail firms can use after-sales services as a method of creating a competitive advantage in emerging markets?
2. What is the impact of societal culture on the creation of relationships among actors of the after-sales supply chain and the formation of the after-sales services supply chain?

## **3.4 Research Scheme**

The scheme of this research aimed to achieve its objectives by using the most suitable means. The First objective of this research was to review the relevant literature on the theory of creating a competitive advantage by using after-sales within the supply chain for SME retail firms in the emerging

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markets. Furthermore to review the relevant literature regarding the impact of cultural variables on the creation of relationships and the formation of the after-sales supply chain in the context of the home appliances industry.

In order to achieve these objectives, a desk-based study was undertaken including:

1. Reviewing the literature to consider the nature of relationships between SME retailers and consumers within the downstream relationship and constructing the demand chain.
2. Exploring relevant literature regarding the upstream relationship and examining the nature of the relationship between SME retailers and suppliers while processing after-sales services.
3. Conducting interviews and participant observations in the Egyptian and UK market and comparing the perceived nature of relationships among actors of the after-sales supply chain.

The second objective was to investigate the impact of societal culture on the creation of relationships among the participants of the supply chain. In addition to, exploring the influence of societal culture on the formation of after-sales services supply chain, and this was achieved by:

1. Reviewing the available resources which include any related documents, information, published data and reports.
2. Conducting interviews with small-medium retailers of home appliances in the Egypt and the UK markets and, comparing the results from the interviews.
3. Conducting participant observations in both markets and comparing the out comes from the data.

The third objective was to explore drivers and challenges of the formation of after-sales supply chain in the context of home appliances which involves:

1. Reviewing the available resources which include documents, reports and information.



2. Conducting interviews and observations in Egypt and the UK to compare both drivers and obstructions of the formation of the after-sales supply chain.

### **3.5 Data Sources**

The resources of data information available on the subject (after-sales supply chain and creating a competitive advantage for SME retail firms in the context of home appliances) in Egypt to some extent was limited.

#### **3.5.1 Secondary Data**

The secondary data includes relevant literature such as literature regarding retailing of the home appliances industry. This encompasses reports regarding the structure of the retailing industry, market environment, distribution channel of home appliances and communication methods that have used in the Egyptian and the UK markets. Furthermore, secondary data includes reports that have been collected from the Egyptian market to obtain background information about the advantages that were available in the retailing of appliances. Identification of the opportunity for SME retail firms in the creation of a competitive advantage is also reviewed from reports and the published documents in both emerging and established markets.

#### **3.5.2 Interviews**

Loosely structured discussion guide regarding the topic of study were conducted with four small-medium retail firms in the UK market and eight interviews were conducted with small-medium retailers in the Egyptian market. The interviews were used as a channel to explore and focus on the relevant issues related to the research in the area of study. Furthermore, the conducted interviews in the Egyptian and the UK markets were used to compare the process of after-sales in the supply chain and comparing the cultures of both markets and therefore, the impact of these cultures on the creation of relationships among actors of the supply chain and the formation of the after-sales supply chain.

### 3.5.3 Observations

Since this study of “cross-cultural research”, aims to study the impact of the Egyptian culture and the UK culture on the creation of relationships among actors of the after-sales supply chain and study the impact of both cultures on the formation of the after-sales supply chain, (Participant observations were conducted in both markets). The researcher conducted participant observations in four different sizes of retail firms, two in the Egyptian market and two in the UK market. Observations in Egypt lasted around thirty hours in each retail firm, whereas the observations in the UK lasted around thirty five hours in each retail firm.

## 3.6 Data Collection

At the early stage of this research, the research was intended to be conducted in the researcher's home country (Libya). However, the uprising of 2011 had a negative impact on the whole Libyan economy where the retail sector of home appliances was badly affected. Generally, after the uprising of 2011, the Libyan market became unstable and was not in normal condition as exporting and importing were inactive at that time. Furthermore, after the fall of the regime and the beginning of civil war, the entire country was unsecure. Due to time restriction, the researcher chose an alternative market to represent emerging markets.

The Egyptian market was chosen to represent the emerging markets for the following reasons:

1. Egypt is very close to the Libya (researcher's home country) in terms of location.
2. The researcher is familiar with Egyptian culture, language and religion.
3. The Egyptian market to some extent is similar to the Libyan market in terms of conditions.
4. The researcher has many contacts in that market which enabled her to gain access to retailers of home appliances.

5. The Egyptian market was accessible for the researcher's family, which enabled them to arrange for accommodation, transportation and guidance during the field work study.
6. The retailing sector in the Egyptian market is considered more established and more advanced compared to the Libyan market.

However, the Egyptian market was also unstable and the general condition of the country was of some danger for visitors. In Cairo for example, there was continuous protests, robbery, uprising and other dangerous action. Therefore, the researcher conducted interviews and observations in Alexandria.

Furthermore, the researcher postponed two trips due to unsafe conditions regarding Port Said football disaster that occurred on the 2 February 2012. After the 2011 uprising that happened in Egypt, the environment was unstable which constituted multiple safety and security challenges due to the messiness of the surroundings of the research. The situation in Egypt was unsettled and the country was in chaos, as protests were still occurring throughout the country despite the fall of regime which made way for theft, rioting, looting and violence to become heavily present especially, in the capital city Cairo. Therefore, the reason the researcher chose to conduct interviews in Alexandria which was in a somewhat stable condition.

Transportation within the city, collecting the data and gaining access to the retailers all required an additional effort from the researcher in order to fulfill the research's objectives. Therefore, the researcher's brother travelled from Libya to Egypt and, the researcher's brother managed to find a guide who was also a taxi driver and was well knowledgeable and had many contacts in the Egyptian market. Due to the fact that the guide knew the situation in Egypt very well, he was able to recommend the areas in which the researcher should conduct the interviews and which areas should be avoided.

The guide first went to the retailers and gave them an insight of what the researcher wanted and explained to them the reasons for the interview. The guide then confirmed with the retailers whether or not they agree to cooperate. Consequently, the researcher would personally go to meet with

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the retailers and give them more details about interviews and ask for their permission for the interviews to be recorded.

Some of the retailers refused to conduct the interviews or for the interview to be recorded. However, some retailers were highly cooperative and even recommended other interviewees for the researcher to conduct interviews with. The researcher also took advantage of conducting interviews as well as, to gain permission to conduct observations. The researcher selected the two most cooperative and most well-known retailers in order to, conduct the observations with. The guide dedicated all of his time to the researcher and was with the researcher everywhere, she needed to go.

Unlike quantitative research, qualitative research has no standards or specific procedures that the researcher can follow when conducting the study. The researcher in qualitative research plays an important role to design and accommodate all circumstances that surround the research. In this context Maxwell (2012) argued that qualitative research is a “do-it-yourself” rather than an “off-the shelf” process. Morse et al (2002) also argue that the researcher has to be creative, sensitive, flexible and skilful so that she /he is able to conduct a reliable and valid research.

In this study, as it has been explained above that the situation in the Egyptian market was unsettled and, the researcher faced some complexities while she conducted the interviews and observations. However, the researcher studied the political situation in different Egyptian cities including Cairo and Alexandria. In order to find the best city for the research to be conducted, Alexandria was chosen as it was, the closest to economic and political stability.

People in Alexandria were still active in their respective fields whether they were working labour based jobs or office based jobs. The streets were crowded, lively and the roads were congested, which allowed, retailers to remain open from early morning to late night. The suppliers' products were still being delivered and representatives of international brands also constantly



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visited the retailers. The field of the retailing sector was welcoming consumers and visitors which paved the way for the researcher to conduct the interviews and observations in a safe and working environment.

In order to facilitate the process of data collection in a safe environment, the researcher found a guide who was also a taxi driver and was well knowledgeable in the Egyptian market. The guide helped the researcher to choose the areas that were suitable for conducting the interviews and the observations.

The researcher conducted interviews and observations in the retailers' locations in their natural setting and under normal conditions. In order to get a valid study and to ensure that, there is congruence between the research questions and research methods, the researcher used interviews and observations to answer the research questions and to fulfil the research's objectives.

Although the sample of this study was relatively small sized and therefore, by using interpretivistic philosophy, the researcher was able to get indications from data rather than generalisation. Furthermore, the researcher used a narrative method which allowed to liberate the voices and stories of the retailers. Using probe questions and a loosely structured interview offered a degree of flexibility that the researcher used to develop discourse and narratives.

Most importantly, the choice of open ended questions and loosely structured questions offers the researcher two advantages. The first advantage was that the researcher was able to construct knowledge from the dialogue and discourse with the retailers. The second advantage is that the researcher minimised their power over the retailers.

In addition to this, the types of questions that, the researcher used in this study include open-ended, loosely structured and probe questions allowed retailers to recall and describe their experience regarding the process of after-

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sales and the relationships with other participants of ASSC. The researcher also was an active listener to check accuracy, of transcription and to develop any conversations whenever possible.

The researcher travelled to Egypt by mid-February and spent two weeks to complete the research. The research planned to use internet to get the addresses and the locations of SME retail firms in Alexandria. Unfortunately, this method was not practical for two reasons:

1. The internet connection and communication services were weak, slow and expensive.
2. The nature of the Egyptian culture required personal contact and social relationships.

Therefore, the guide (Egyptian man), approached some retailers and gained the confirmation of conducting the interviews and observations. Later some retailers helped the researcher by recommending other retailers and providing her with a piece of paper (recommendation letter) to be able to conduct other interviews and observations with them. Some samples of this research were to some extent snowball sampling.

The researcher conducted eight interviews and two participant observations. One retail firm was one of the biggest retailers and supplier in Alexandria. All observed retailers were sociable and cooperative. Some of them during the observation sessions came and explained some actions and remark events. Once the researcher arrived at the Egyptian market, she conducted interviews and recorded them.

The next step was to make arrangements for conducting participant observations and, the researcher's brother also attended the observations considering the religious rule that the Egyptian retailers were familiar with. Participant observations took place from approximately 10 am until 10 PM within four days in each retail firm. However, the general observation session in each retail firm lasted around 25-30 hours because consumers in Egypt usually work from morning until 6 PM and, therefore, the real observations

started in the afternoon and finished around 10 PM. In the UK market, the researcher approached SME retail firms through the internet, got their addresses and phoned to arrange the time for conducting the interviews and observations. Sometimes the researcher attended retail firms personally in case they did not respond to the emails and phone calls. The researcher conducted interviews in the different areas of Birmingham such as Selly oak, Edgbaston, Coventry Road and Spark hill.

In these areas the population density is fairly high, there were many small-medium retail firms and big retailers as well like Comet and Currys. According to the report from Cushman and Wakefield, Birmingham also is considered as a suitable place to locate businesses. Participant observations took place at different times, the whole period of participant's observation last between 30-35 hours in each retail firm.

### **3.6.1 Sampling of population**

It was impossible to interview the whole SME retail firms in Egypt and in the UK and, therefore, sampling is a practical way to represent the whole population of retailers. Alternatively the researcher focused on Birmingham in the UK and focused on Alexandria in the Egyptian market. The researcher conducted eight interviews and two participant observations. Furthermore, the researcher conducted four small-medium retail firms' interviews in the UK market and two participant observations.

The researcher tried to conduct as much as she could of interviews in the Egyptian market, because the research focused primarily on emerging markets. The aim of conducting interviews and observations in the UK is to compare the impact of both cultures (emerging and established markets) on the creation of relationships and the formation of ASSC. From the perspective of philosophical stance, the researcher adopted interpretivistic. Philosophy which allowed the researcher to deduce data from relatively small sized samples. The researcher aimed to get indications from data rather than the generalisation of small sized samples of data.

### **3.6.2 Data Access Difficulties in both Markets**

Gill and Johnson (2010) argued that the researcher will be in a weak position in the case of approaching a particular organisation which provides the required data. Collecting data from SME retail firms in Egypt was difficult in terms of accessibility. Anyone who is unfamiliar with the Egyptian market will struggle to approach retailers in the home appliances industry. Although the researcher ensured retailers of the confidentiality, that some retailers were still cautious and some of them refused to record the interviews.

Internet in the Egyptian market is not popular and not totally active. Furthermore, mobile communication was fairly expensive, transportation was difficult and traffic was very busy. However the researcher avoided this problem by using a native Egyptian cab driver as the guide with vast experience of the market. He used his social relationships to gain retailers addresses; he explored their locations and got their confirmation before the researcher conducted the interviews and observations.

In the UK, the researcher also, faced difficulties to gain retailers confirmation for conducting the interviews and observations as, some retailers refused to participate in this research. In general the main difficulty the researcher faced was expensive transport in both markets and lack of funds regarding the Egyptian market in terms of accommodation, transportation, living costs and flight tickets. This represented minor limitations in conducting interviews and observations because the researcher shortened her trip to suit her budget.

### **3.6.3 Documented Data**

Yin (2003) argued that "except for studies of preliterate, documentary information is likely to be relevant to every case study topic". The analysis of documents represent an invaluable source of information; such as official records, reports and published data used in the review of literature. The researcher tried to find all relevant documents available in affiliation of the home appliances industry and the retailing industry in the established and emerging markets.



These links were a useful and important source of secondary data. Regarding this, the researcher has accessed affiliation of the home appliances industry and the retailing industry in the UK and the Egyptian markets. This includes annual reports and market information, consumer's information, consumer demand of appliances, retailing brands and other information regarding the supply chains. Affiliations used in this research are shown in tables (9) and (10) below.

Document	Type of document
Consumer appliances in Egypt (Euromonitor International, 2012)	Report
The next 11 emerging economies, Euromonitor International, 2008	Report
Business Monitor International Ltd, <a href="http://www.businessmonitor.com">www.businessmonitor.com</a>	Report
Datamonitor : Country Analysis Report, 2012	Report
MarketLine, 2012, <a href="http://www.marketLineinfo.com">www.marketLineinfo.com</a>	Report
Retailing in Egypt , Euromonitor International, 2012	Report

Table 9: Documents related to Egypt

Document	Type of document
Major appliances: recovery and future for core categories, Euromonitor International, 2011	Report
Major appliances: the emerging future for core categories, Euromonitor International, 2010	Report
Major appliances: mapping the road to recovery-world, Euromonitor International, 2010	Report
Understanding consumers: five trends shaping the appliances market, Euromonitor International, 2011	Report
Euromonitor International, 2013: retail volume in percentage in the UK market	Report
Euromonitor International, 2013: internet retailing in Western Europe	Report
Euromonitor International, 2013: retailing in the United Kingdom	Report

Table 10: Documents regarding general retailing of appliances

#### 3.6.4 Loosely structured discussion guide

Kvale (1996) stated that a semi-structured interview works with a defined topic, question and prompt. The endeavour of interviews in this research was

discovering different types of questions such as opinion based, knowledge based and experience based questions. Loosely structured discussion guide which is lined up for retailers' operations in different markets, also offered flexibility in terms of adapting the context. A loosely structured discussion guide also offered a degree of flexibility that allowed the researcher to use discourses and narratives. This method also allowed the researcher to use cues raised during the execution of the interviews (Rubin & Rubin, 1995).

SME retailers were interviewed in the Egyptian market and in the UK about the relevant issues. Some of the interviewed retailers in the Egyptian market were operating as wholesale suppliers as well. These wholesale suppliers became retailers because of the change in the Egyptian market condition and because supplied appliances exceed consumer demand.

The main purpose of conducting these interviews were to explore the methods of creating advantages through after-sales, and the methods of creating relationships between retailers and other participants of the supply chain. Furthermore, to explore the impact of societal culture on the creation of relationships and the formation of after-sales supply chains in both markets. Interviews also explored the impact of organisational culture on the retailer-supplier relationship and the processing of after-sales within the after-sales supply chain.

Therefore, the interviewees were asked to explain their point of views regarding categories that are related to ASSC framework including, perceived nature of relationships with their consumers and suppliers, communication patterns used in both sides of the supply chain, elements that determine the relationship between retailers and other participants of the supply chain. Furthermore, observed retailers were asked about their opinions in terms of the applicability of ASSC in both markets.

An interview guide was used to ensure fine use of limited interview time, and to make the interview more systematic and comprehensive as is shown in appendix (3). The interview guide was helpful in conducting the interviews

and especially in keeping interactions focused on the targeted issues. The questions in the interviews were open-ended which allowed the researcher to ask respondents about the facts that matter as well as their opinions about events.

### **3.6.5 Pilot Study**

One objective of this study was to undertake cross-cultural comparison between the Egyptian and the UK markets. This comparison required explore the impact of cultures in both markets, on the creation of relationships in both sides of the after-sales supply chain. Therefore, the researcher adopted qualitative methodology, which required conducting interviews with SME retail firms in the Egyptian and the UK markets.

The researcher conducted four loosely structured discussion guide and in-depth interviews with SME retailers in the UK and conducted eight loosely structured discussion guide in the Egyptian market. While the researcher recognised that these interviews will not be broadly generalised as, this method was rich in detail and context which allowed the researcher to explore the differences in the creation of relationships among actors of the supply chain in both markets. Furthermore, the interviews helped the researcher to explore the impact of national cultural differences on the creation of competitive advantages through after-sales within the supply chain in both markets.

Interviews were originally written in English, the researcher then translated them into Arabic so that the Egyptian retailers can understand the questions. Responses were recorded and then translated from Arabic to English before coding the data. In order to achieve the objectives of this study, the researcher conducted observations in the Egyptian market and in the UK. The researcher conducted two observations in both markets. Due to the time limitations, the researcher conducted intensive observations with two SME retail firms in the Egyptian market. The overall period of observations lasted twenty five to thirty hours that extended to around four days in each firm.

### 3.7 Narrative Aspect of Adopted Methods

McCormack (2004) defined analysis of narrative as "it is where researchers seek stories as data and then analyse those stories for themes that hold across stories". The same author also defined narrative analysis as "it is where researchers gather descriptions of actions and events as 'data' that are then used to generate stories through a process of emplotment".

From this perspective, a narrative method offers a flexible and comprehensive approach which entail that the researcher move away from the rigid structures that constitute traditional qualitative methods. In this study, in order to generate a narrative method, the researcher tried to consider some elements when conducting the interviews and participant observations in emerging and established markets.

Owens (2007) explained that interviewing represents a flexible and adaptable way of exploring specific issues in social science. Interviewing reflects equal conversation and relationships between the researcher and interviewees rather than exchanging a formal question and answer. In this study, the researcher tried to construct knowledge from dialogue and discourse with the retailers in both markets which helped to minimise the power of researcher over the interviewees.

In order to minimise the imbalance of power between researcher and the interviewees, loosely structured discussion guide, open-ended and probe questions have been used in this research. Such type of questions offered a degree of flexibility that allowed the researcher to use discourses and narratives (Rubin & Rubin, 1995). On the other hand, such type of questions, allowed retailers to recall and describe their experiences regarding the process of after-sales and nature of relationships with other participants of the supply chain "reconstruction". It allowed retailers to recall their experience of processing after-sales and describe them to researcher.



The other important issue of a narrative method has been mentioned by McCormack (2004) is that the researcher needed to be an active listener. Active listening enables the researcher to check the accuracy of transcription and brain storming the researcher's initial relations. The initial brain storming will influence the researcher's final interpretation. In this study the researcher followed what McCormack (2004) suggested namely, the narrative process of theorising; augmentations; argumentation and description.

Firstly, the interviewed retailers used a narrative process to enrich their story and to help the researcher to understand the story. One interviewed retailer for example, told the researcher some facts regarding the nature of the relationship with suppliers and the nature of the home appliances industry for the past decade (theorising process).

Secondly, during the interview processes, the retailers added information such as environmental condition that affects the demand of home appliances. Legislations and regulations related to home appliances. Furthermore, economic condition that influences customer demands of after-sales and other factors (augmentation). Sometimes, retailers stated facts that were not directly related to the story. Such facts were considered as abstract elements from outside the story.

These elements were related to places, people or time. In this study, one retailer for example, told the researcher some facts that were related to the era of the president of Egyptian since forty years (Assadat). Other retailers told the researcher about the nature of the relationship within the supply chain of home appliances since forty years ago (process of argument).

All these descriptions offered a wide picture of interpretation and a full explanations in terms of relationships between retail firms and other participants of the supply chain. Such descriptions also, gave a wide depiction of the influence of culture on the creation of relationships and formation of ASSC. The researcher then returned the transcriptions to retailers in the UK. This allowed them to add comments and confirming the

accuracy of the story. However, researcher was not being able to return the story to participants in the Egyptian markets. Alternatively, the researcher focused on some elements such as:

- Word groups or phrases regarding the relationship between retailers and other participants of the supply chain;
- Cultural variables in terms of communication in the Egyptian market for example one consumer said to the retailer "I trust you", "I just know you" and "what do you think" ;
- Specialised vocabularies were used in the Egyptian societies for example "your excellency", " my mum" "at your service" "Um Ahmed" and others;
- How retailers told the stories which include structural futures such as, active/passive voice; speech functions; personal pronoun; occurrence of dialogue and metaphors;
- Feature of performance such as, periods of silence; tone; speed of delivery; volume; hesitations and emotions;

In addition to, researcher paid a particular attention to the context of culture such as:

- The dominant meanings that, retailers hold collectively in both markets;
- The way retailers and other participants communicate when processing after-sales in both markets;
- Researcher explored the natural apparently taken-for-granted position available to retailers to understand their selves and their lives;
- The researcher tried to understand how retailers construct relationships with other participants of the supply chain and how they communicate during the process of after-sales and the adoption of IT while processing after-sales;
- To what extent retailers and other participants resist to the adoption of IT while processing after-sales.

In terms of observations, it has been argued that social constructionist claim that people understanding of the world is derived from the nature of the world

because people construct meaning between them through social interactions. Such social interactions are subject to historical and cultural change (Owens, 2007). From this perspective, the researcher and the retailers in this study were actively engaged in interpreting the social world. In order to produce an “objective reality” the researcher has depended on data to produce study interpretations. This way researcher could increase reflexivity by reducing power and inequality between the researcher and retailers.

### **3.8 Validity of Interpretivistic Approach**

In general, a narrative analysis has been employed in this research, which requires the interpretation of specific data in social science, and therefore, leads to the diverse methods of analysis and multiple interpretations made from the raw data by the researcher who codes the data (Thomas, 2006). Each method requires the construction of texts for further analysis. In such case, the researcher needs to select, organise and compose field notes and choose the sections of interview transcripts and observations for close review (Silverman, 2001).

Unlike quantitative research, qualitative research focuses on behaviour, attitudes, and motivations, rather than on measurements, to examine information regarding relationships among actors of after-sales supply chain in emerging markets. In addition to, comparing actions of SME retail firms in established and emerging markets and comparing the impact of cultures in both markets on relationship creation and formation of after-sales supply chain. From this perspective, this research as a qualitative and interpretivistic research, lacks quantifying measurement of its outcome. Therefore, in interpretivistic research, trustworthiness represented a suitable measurement for worthiness of particular work because interpretivistic views reality as a socially constructed which requires continued negotiation between people in social context (Sandberg, 2005). In order to increase the worthiness of this research, the researcher employed interpretivistic narrative research (McQueen & Zimmerman, 2006).

Since this research is located in social science area, this research was guided and designed by the intention of the researcher to explore issues related to her research. The research generated narratives from questions which were developed in advance regarding the relationships between SME retail firms and other participants of the after-sales supply chain, using after-sales as a method of competitive advantage and the impact of culture on the creation of relationships in emerging markets.

The first step in the fieldwork study was conducting interviews. The interviews were conducted to explore what role SME retail firms can play in creating a competitive advantage through using after-sales within the supply chain in emerging markets. Since this study focuses on ASSC (after-sales service supply chain) the conducted interviews also focus on the creation of relationships between retail firms and other participants in both sides of the ASSC. Interviews emphasised the impact of culture on the creation of relationships in terms of the adoption of communication methods. As Kvale (1995) argued that a semi-structured interview works with defined topic questions and prompt questions.

The researcher in this study used a loosely structured discussion guide and has used the following questions:

- Opinion Based Questions, the questions are used to understand retailers' opinions related to current practices of after-sales services, nature of relationship between SME retail firms and other participants of the supply chain;
- Knowledge Based Questions, to explore retailers' knowledge about the market environment, the impact of societal culture on the creation of relationships, the impact of societal culture on the adoption of specific methods of communication while processing after-sales services, opportunities that motivate the use of after-sales as a method of creating competitive advantage and the challenges they face;
- Experience Based Questions, aim to explore how retail firms can create a competitive advantage by using after-sales, to that extent SME retail firms use available resources to enhance capabilities in creating relationships



while processing after-sales, to what extent ASSC is applicable in emerging markets. Drivers and challenges SME retail firms face when they apply ASSC and creating relationships;

- Questions are related to the feelings of retailers, this type of questions aim to explore retailers' opinion in terms of advantages or disadvantages of using ASSC. Exploring retailer's feelings regarding the change of traditional practices of after sales, the creation of relationships and the adoption of IT as a method of communication in emerging markets.

Generally this study focuses on the issues present in the conceptual framework and the answers of the research questions. The first procedure of the inductive analysis of qualitative data was transcribing all the raw data that has been recorded and translated from Arabic to English which collected from the Egyptian market.

In this regard, the researcher faced some difficulties in translating data from Arabic to English language. This is because it was difficult to find accurate translation of some terms. Furthermore, in some cases translated terms literally do not make sense for the reader. The second procedure was the preparation of raw data; by emptying data (interviews and observations) from the hard copy to the word documents. Once text has been prepared, the raw data was read in detail to gain and understand themes. The last procedure was defining categories or themes using patterns presented in the conceptual framework.

In addition to this, the researcher has used some additional questions to clarify some issues whenever, it was needed during the interview process. During the process of interviews the researcher has asked retailers additional questions (not pre-planned questions). These questions allowed retailers to elaborate on the specifics of their responses from their perspective. These questions also helped the researcher to clarify some cultural issues in terms of relationships between retailers and their consumers and with their suppliers as well.

In this context, McQueen and Zimmerman (2006) have suggested five components of interpretivistic narrative research. Namely, identifying a research issue; selecting participants; conducting the interview; analysing the narrative and reporting findings. This research was driven by personal interest of the researcher, as the researcher recognised that literature lacks research regarding using after-sales as a method of creating a competitive advantage for SME retail firms in emerging markets. The researcher believed that this topic needs more information especially in terms of the impact of cultural differences on the relationship creation within the after-sales services supply chain.

In interpretive narrative research selecting participants based on particularities rather than generalizations. Researchers select participants to provide patterns that meet the research's objectives (McQueen & Zimmerman, 2006). From this perspective, this research aims to understand the retailers' lived experience of after-sales as a method of creating a competitive advantage within the after-sales supply chain. This required collecting information about the nature of relationships between retailers and other participants in both sides of the after-sales supply chain.

Therefore, researcher has conducted interviews with retailers (SME retail firms operating in the home appliances sector in both markets). These SME retail firms provided the research with the required information that meets the criteria of using after-sales as a method of creating competitive advantage in emerging and established markets within the context of home appliances industry.

In terms of conducting the interviews, in order to draw narratives conceptualised and in terms of the participant's cultural influences, the researcher used open-ended, follow-up questions and generated verbal descriptions through open dialogue towards the research' object. Open-ended questions encouraged retailers to describe the nature of relationships between retailers and other participants of the after-sales apply chain.

While follow-up questions enabled the researcher to explore the impact of national culture on the creation of relationships and to what extent retailers were willing to change their practices. These methods generally allowed the researcher to increase the communicative validity (Sandberg, 2005; Cho & Trent, 2006).

In order to achieve pragmatic validity (Sandberg, 2005), the researcher tried to avoid any possible discrepancies between what retailers say and their actual actions they practice in the local market by using follow-up questions and observing retailers' actions in emerging and established markets. Follow-up questions enabled the researcher to generate a description of lived experience.

Observations of retailers' actions on the other hand, helped the researcher to validate his/ her interpretations of after-sales. In this study, the researcher recorded interviews and took notes in some cases where retailers refused to be recorded. The interviews in this research were conducted by using prepared questions and using added questions when required.

McCormack (2004) used term of "active listening" the researcher has followed this term in this study. Recorded interviews allowed researcher to listen to interviews several times. Listening to the tapes several times has helped the researcher to check the accuracy of transcriptions and to brainstorm her initial reactions and reflect on assumptions that can influence her interpretation in later stages.

Furthermore, Alvesson et al (1994) argued that critical self-reflexivity or multi-voicing practices represent main challenges that the researcher face when processing his/her research. In this study the researcher tried to build a constructive relationships with retailers and tried to decrease and undermine her power in processing research. This was achieved through the iterative process of reading transcripts which helped the researcher find congruence between the initial interpretation and the findings of the research.

From this perspective, reliability may not be used as a useful measure of quality within interpretive approach because, qualitative research is multiple and constructed. Researchers thus will arrive to specific themes and categories that differ from other studies and contexts (Rolfe, 2006). Generally, within an interpretive approach the researcher depends on persuading audiences that produced knowledge is visible and auditable. Therefore, the researcher in this approach aims to produce a profound representation related to a particular phenomena within lived experience of retailers.

Analysing the narrative represents one of the most important elements of interpretive narrative research, McCormack (2004) explained the importance of analysing transcriptions as he said "The other components shape the narrative, but the analysis provides the final structure, and this framework is ultimately controlled by the perspective of the researchers". In this study, data analysis was carried out by identifying patterns and themes from a huge amount of qualitative data in order to provide the reader with a clear and understandable image of the data.

### **3.9 Ethical Issue Related to Field Access**

In order to meet the research's objectives, the researcher adopted two main methods of data collection namely, semi-structure and in-depth interviews and participant observations in emerging and established markets. In qualitative research ethical considerations represent a critical issue of the research (Hilbert, 1980).

Houghton et al (2010) argued there are many ethical challenges related to qualitative research. Such as, issues of informed consent procedures, relationship between participants and the researcher, evaluating the risk and benefit of a specific method and confidentiality. These issues have been considered by the researcher while conducting both interviews and observations.



From the interpretivistic perspective ethics are subjective because individuals have different perceptions regarding ethical issues (Houghton et al, 2010). Based on this fact that using informed consent enabled the researcher to negotiate and revise arrangements while conducting interviews. Informed process consent also led to the creation of collaborative relationships between the researcher and the participants (retailers). Unlike quantitative research, in a qualitative research it may be not possible to inform all retailers regarding the nature of the research from the outset. Therefore, the researcher has prepared an information sheet to inform retailers of related information packs. The information sheet included the purpose of research, organisation of study, address of organisation and the researcher's email address. The information sheet also contained, the email address and name of the supervisor, the supervisor's contact numbers and other related information as it can be seen in appendix (1).

In addition to this, the researcher has provided the interviewees with a consent form (as it can be seen in appendix 2). This form ensured all the details of retailers' rights to withdraw from the study at any time. Retailers also have been informed that the interviews will be audio taped. However, participants in the UK to some extent paid more attention to consent forms compared to the retailers in the Egyptian market. Retailers in the Egyptian market did not emphasis on the information sheet or consent forms. In Egypt once the researcher introduced herself and explained the reason behind her arrival, they were cooperative and responsive.

In this respect, the researcher tried to build a personal and balanced power relationship with participants. Such personal relationships helped the researcher to explore unclear issues raised during interviews and participant observation. In the Egyptian market for example, in some cases, retailers explained some points during the observation session whenever they feel that the researcher is unfamiliar with it.

Generally researchers have an obligation to anticipate the possible outcomes of interviews and observations and to weight the benefits and potential harm

(Houghton et al, 2010). In this study, the Egyptian market has been chosen to represent emerging markets. At the time of conducting primary research, the Egyptian market was unstable due to the Egyptian revolution and the second of February 2012 (Port Said football disaster).

Therefore, the researcher cancelled two trips to Egypt. Furthermore, the researcher conducted interviews and observations in Alexandria because it was safer than Cairo. In Alexandria the researcher also avoided dangerous areas and used a guide who was also a taxi driver. This guide helped the researcher to approach SME retail firms in different and safe areas of Alexandria. Confidentiality is another important ethical issue the researcher has considered while conducting interviews and observations. Confidentiality is related to two main subjects namely, individual participants (retailers and consumers) and sites in which the research was conducted (Houghton et al, 2010).

Although, the nature of this study did not require any personal information, the researcher tried to use robust methods to ensure confidentiality. In this study for example, all recorded information and transcripts of interviews and observations have been locked away in a safe place. The researcher was the only person who dealt with such data. Businesses names of businesses and names of retailers remained anonymous in the final report.

In addition to this, the researcher used the so-called member checking. It refers to allowing retailers to read interview transcripts. In the UK it was possible for retailers to check and revise information and details in transcripts. This process was not possible in the Egyptian market. Therefore, in order to compensate for the impossibility of member checking in the Egyptian market, the researcher tried to check the recorded information many times and read transcripts to ensure accuracy.

However, ethical issues would be more challenging in terms of observations because, of the researchers need to justify the adoption of covert or overt observations. While covert observations are more likely to provide detailed

information regarding contextualised social reality (Li, 2008), whereas, overt observation could affect the behaviour of participants who were being observed (Gordon, 2011).

From the perspective of the ethical issues, the covert observation has been condemned as intrinsically unethical because it affects the legitimacy of the research subjects (Spicker, 2011). This would represent a controversial issue regarding revealing or not revealing the research purpose or the research identity. In this study because the researcher focused on the nature of relationships between retailers and their consumers in their nature setting, mode of after-sales contact while processing after-sales and the method of communication amongst actors of the after-sales supply chain.

This required observing all participants of the ASSC including: retailers, suppliers and consumers in their nature setting. However, it was impossible to obtain consent from all observed consumers or suppliers. Therefore, the researcher did not get any informed consent from consumers or suppliers during the observation sessions. Alternatively, researcher got verbal consents from retailers before conducting observations in both markets. This helped the researcher to minimise the effect of the process of observation on the way that consumers and suppliers behave.

### **3.10 Categorising and Coding the Interviews and Observations**

Since the size of the samples is not large, the researcher decided to code data manually. The data was typed into a word processing program, which offered a variety of options to manipulate such data. This helped the researcher to keep all text individually and enabled her to create a wide margin on the left side of the pages. This margin enabled the researcher to write labels for each text and enabled the researcher to write notices with numbers in each line. Data from the interviews and the observations were coded by highlighting the related categories and commenting on them in the

margins of the transcription which helped to organise the discussion into stages.

Thematic analysis is adopted in this research where the researcher grouped many narratives into similar thematic categories and every single category refers to the same issue(s). The key feature of coding was carried out by considering and constructing the thematic headings of the data analysing process.

Themes that were identified from the loosely structured interviews and the in-depth interviews were the same themes identified from the observations in both markets. Data from the interviews and observations was coded and grouped into five main categories. Each category represents issues related to the creation of relationships and the formation of ASSC, it also, has sub-categories that cover related issues.

However, the third and fourth categories were not applicable for the UK market because supply chains already exist. The main five categories are:

1. Elements related to the demand side of the after-sales supply chain.
2. Elements related to the supply side of the after-sales supply chain.
3. Elements that drive the creation of relationships and the formation of the ASSC.
4. Elements that obstruct the creation of relationships and the formation of the ASSC.
5. The impacts of culture on the creation of relationships amongst actors of the supply chain.

In order to explore the cultural impact on the creation of relationships and the formation of the ASSC, the researcher used the same categories in both markets. Using the same categories has helped the researcher to compare retailers' actions of after-sales in creating a competitive advantage in the home appliances sector in both markets.



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However, there were some categories that were not applicable for the UK market such as elements that drive and obstruct the construction of the after-sales supply chain, because supply chains were already constructed in the UK market. Table (19) below summarises the main categories, the number of conducted interviews and the size of retail firms in the Egyptian and the UK market.

Categories/Retailer's profile	Number of retail firms in Egyptian market	Number of retail firms in the UK market
Elements related to the construction of the demand chain	3 are small retail firms, 2 are medium and 3 are big retail firm and wholesale suppliers	2 small retail firms and 2 medium retail firms
Elements related to the supply chain	3 are small retail firms, 2 are medium and 3 big retail firms and wholesale suppliers	2 small retail firms and 2 medium retail firms
Elements that drive the formation of the after-sales supply chain	3 are small retail firms, 2 are medium and 3 big retail firms	<b>Supply chains already exist</b>
Elements that obstruct the formation of the after-sales supply chain	3 are small retail firms, 2 are medium and 3 big retail firms and wholesale suppliers	<b>Supply chain already exist</b>
The impact of culture on the creation of relationships among actors of supply chain	3 are small retail firms, 2 are medium and 3 big retail firms and wholesale suppliers	2 are small retail firms and 2 are medium retail firms

Table 11: The number and profile of interviewees in Egypt and the UK market

### 3.11 Conclusion

This chapter is dedicated to the research methods of this research. The first part of this chapter is devoted to the explanation of the philosophical assumption underpinning this research. As one objective of this study is to address the role that SME retail firms play in the creation of a competitive advantage. Furthermore, this research aims to compare the impact of cultural variables on the creation of relationships and the adoption of a communication method in the Egyptian and the UK market. The interpretivistic approach and narrative aspect have been adopted in this research. The rationality behind selecting this philosophy is that the qualitative method focuses on behaviour and attitudes rather than focusing on measurements. The interpretivistic

approach would represent a suitable measurement of trustworthiness and worthiness.

In this chapter, in order to fulfil the research's objectives and to answer the research's questions, the researcher used two main methods of data collecting. They are a loosely structured discussion guide and observations in the SME retail firms in the Egyptian market and the UK market. The loosely structured discussion guide offered a degree of flexibility, allowed the researcher to construct discourses and narratives and helped the researcher use cues raised during the execution of interviews. In this chapter the researcher used a sample of small size. The justification of using this small size of data is that within the interpretivistic stance, the aim is to deduce data from a relatively small sample rather than generalising the sample of data.

In this chapter, as the topic of research is related to cross-cultural comparison, limitations that the researcher faced in conducting the chosen method in the Egyptian markets and the UK market were highlighted. In order to fulfil the research's objectives, the researcher was determined to conduct the interviews and observations in the messiness of the Egyptian market following the uprising of 2011. In this context, an exceptional effort to tackle the inevitable obstacles and challenges has been explained. In this chapter, procedures of Categorising and coding data have been highlighted. This study adopted thematic analysis where many narratives were grouped into similar thematic categories and similar meta-theme categories. The key feature of coding was carried out by the thematic heading of the data analysis process. In this chapter the ethical issue of field access and data analysis were highlighted. The next chapter will explain some information about the home appliances industry and the nature of the retailing of home appliances in the Egyptian market.

## **Chapter Four**

### ***Background of Home Appliances in Egypt***

#### **4.1 Introduction**

This chapter aims to review the situation of retailing sector of home appliances industry in Egypt. This chapter also review the nature of home appliances industry in the Egyptian market. In this chapter researcher reviewed distribution channels and retailing formats which are used in Egypt. Furthermore, the researcher explained nature of competition in home appliances industry.

Researcher also explained drivers that SME retail firms can use in creating competitive advantage through adopting relationships within ASSC in the Egyptian market. Finally this chapter discuss the role SME retail firms play in the creation of relationship while they process after-sales as a method of competitive advantage in the Egyptian market. This chapter also discuss the role SME retail firms play in adopting communication method that suits societal culture in the Egyptian market.

#### **4.2 Retailing of Home Appliances in Egyptian Market**

Household appliances market reflects the sale of different categories. First category is refrigeration appliances that include fridges, freezers and fridge freezers. Second is cooking appliances which contain cookers, microwaves, ovens, cooker hoods, food processors and toasters. Third category is, washing appliances that encompass washing machines, clothes dryers and washer-dryers. Next is, room comfort and water heater appliances which include air conditioning, circulating and ventilation fans, space heaters and water heaters. Final category is vacuum cleaners and dishwashers.

Egypt has been chosen to represent emerging markets because Egyptian market has many advantages. These advantages may drive the formation of

after-sales services supply chain in home appliances industry for small-medium retail firms. Advantages available in the Egyptian market include the economic environment such as size of population; economic growth; demographic change and urbanisation. All these elements would determine customer demand in Egypt and in other emerging markets (Bilgin et al, 2004; Alon, 2006; Kouznestov, 2009; Ichii et al, 2012; Pangestu, 2012; Redman & Sai, 2012). These factors will be discussed in more details in the following part.

#### **4.2.1 Nature of Retailing of Home Appliances in Egypt**

In general term, business environment in Egypt is considered as an attractive place. Egypt for example, has become important destination for outsourcing. According to the UNCTAD world Investment report, Cairo was ranked as one of the top ten emerging cities for global services outsourcing (Datamonitor, 2012).

This is because the Egyptian government has taken some positive actions to increase the foreign investment. Firstly, Egyptian government was continuously encouraging foreign companies to set up "call- service centres" and business outsourcing operations by offering financial incentives such as tax breaks (Datamonitor, 2012). Secondly, Egyptian government aims to transform Egypt into knowledge-based economy by turning into an ICT hub. In this respect, Egypt has witnessed an extensive modernisation of telecoms network and associated services (Datamonitor, 2012).

In this context, it is expected that Egypt to merge as a major player in the information economy as a result of co-operation initiatives with European Union especially with the presence of multilingual forces (Datamonitor, 2012). Thirdly, Egypt has good business environment. For example starting business in Egypt does not require complex or long procedures (Datamonitor, 2012). Fourthly, Egypt has seen good progress in its infrastructure over recent years and it expected the growth rate of domestic construction industry will reach 3.1% by 2014 (Business Monitor International Ltd, 2011).



These elements have strong and direct influences on the development of retailing industry in Egypt. Figure (9) underneath and tables (11, 12, 13 &14) below show that retailing industry in Egypt increased rapidly during the period (2007-2012). The increasing of demand on appliances in Egyptian market refers to two main reasons. Firstly, mall culture started to emerge among Egyptian consumers. Secondly, the development in real estate sector, Egyptian government for example plan to make progression in infrastructure. It is expected that domestic construction industry to record average growth rate of 3.1 percent during 2010-2014(Business Monitor International Ltd, 2011).

'000 Units / Year	2006	2007	2008	2009	2010	2011
<b>Built-In Major Appliances</b>	48.3	52.8	57.9	63.4	69.6	76.4
<b>Freestanding Major Appliances</b>	2,892.3	3,150.0	3,464.6	3,800.9	4,158.9	4,463.4
<b>Total Volume of Major Appliances</b>	2,940.6	3,202.8	3,522.5	3,864.4	4,228.5	4,539.8

Table 12: Sales of Major Appliances by category: Volume 2006-2011(source: Passport Euro monitor International, 2012)

£ Million/ Year	2006	2007	2008	2009	2010	2011
<b>Built-In Major Appliances</b>	93.0	106.7	124.4	138.4	153.9	174.5
<b>Freestanding Major Appliances</b>	5,350.7	5,948.0	6,793.7	7,241.7	8,108.8	8,938.4
<b>Total Value of Major Appliances</b>	5,443.7	6,054.7	6,918.1	7,380.1	8,262.7	9,112.9

Table 13: Sales of major appliances by category: value 2006-2011(Euro monitor International, 2012)

Generally the demand of home appliances is strongly related to macroeconomic factors and affected by economic crisis (Euro monitor International, 2011). There is strong relationship between GDP performance and volume sales of home appliances (Euro monitor, 2010; Euro monitor, 2011). As it is evident in some reports, although crisis in 2009 has influenced sales and demand of home appliances, Egypt has recovered from these crisis with strength as Egyptian market has growth by 19 percent in 2010(Euro monitor, 2011).

Volume '000 units / Year	2011	2012	2013	2014	2015	2016
<b>Built-In Major Appliances</b>	76.4	84.5	93.6	103.9	115.4	128.5
<b>Freestanding Major Appliances</b>	4,463.4	4,842.4	5, 248.1	5,689.8	6, 182.7	6,721.7
<b>Total Value of Major Appliances</b>	4,539.8	4,926.9	5,341.7	5,793.7	6, 298.2	6,850.3

Table 14: Forecast of major appliances: Volume 2011-2016(Euromonitor International, 2012)

Value £ million/ Year	2011	2012	2013	2014	2015	2016
<b>Built-In Major Appliances</b>	174.5	180.0	187.9	197.6	211.1	227.1
<b>Freestanding Major Appliances</b>	8,938.4	8,989.7	9,084.1	9,358.0	9,766.2	10, 253.1
<b>Total Value of Major Appliances</b>	9, 112.9	9, 169.7	9, 272.0	9,555.6	9,977.3	10,480.2

Table 15: Forecast sales of major appliances by category: Value 2011-2016(Euromonitor International, 2012)

Data in above tables (11, 12, 13 &14) exhibited that consumers demand on freestanding major appliances is hugely greater than demand on built-in major appliances. Maybe this is because delivering after-sales to freestanding major appliances is easier and less complex than in built-in appliances. This also would represent opportunity for SME retail firms that have limited resources and lack skill of human resource.

The demand, performance and volume sales of home appliances also influenced by some exogenous variable such as unemployment, saving ratio, consumer lending and the number of number of new dwellings completed in specified period(Euro monitor, 2010; Euro monitor, 2011). In same context, the January revolution 2011 has its effect on the demand of home appliances. This effect was not only limited to the first quarter of the year of revolution, but was felt across the whole year (Passport, Euromonitor International, 2011).

As a result of January revolution 2011, Egypt witnessed unstable political condition and social unrest. This instability affected consumers' willingness to make purchase of home appliances. Many people for example in this period lost their jobs, which make them more careful about their spending. Consumers also were price sensitive when they purchase home appliances in this period (Passport, Euro monitor International, 2011).

However, credit payments in instalments increased consumer's ability to continue purchasing home appliances (Euro monitor International, 2010; Euro monitor International, 2011; Passport, Euro monitor International, 2011). Same market condition affect the importing performance of home appliances sector for example, distributors used special offers and quantity promotion to overcome the decreasing demand of appliances (Passport, Euro monitor International, 2011).

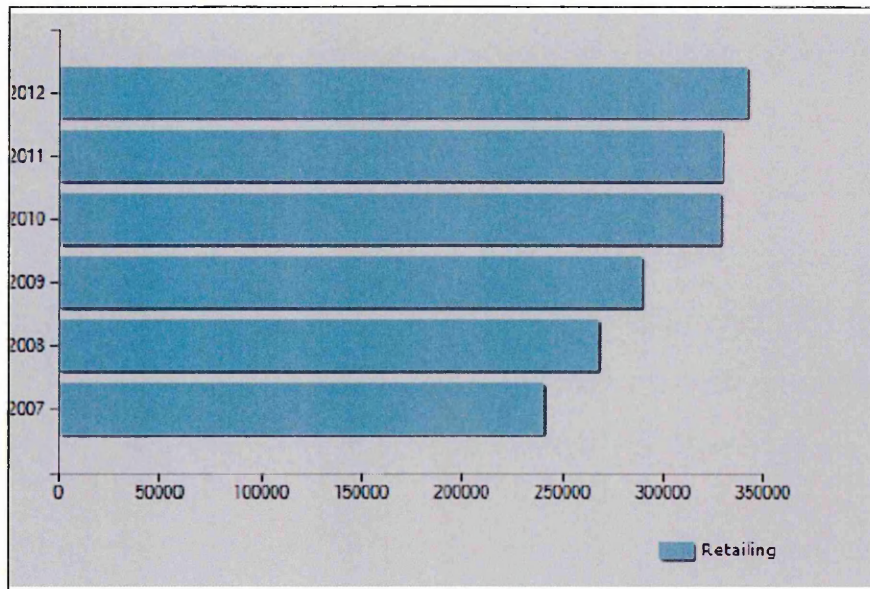


Figure 9: Market size of retail value in Egypt (source: Euromonitor International, 2012)

Such unstable market condition has affected the nature of consumer demand for example, middle-income consumers have become brand focussed and placed greater emphasis on value-for-money products. Low-income consumers, on the other hand, are extremely price sensitive and not brand conscious. Low-income consumers prefer to purchase low price and unbranded appliances.

It has been argued that low-income consumers represent large part of Egyptian population. This segment primarily is prepared to accept low quality level of product. However, poor quality product is still perceived as an issue among Egyptian consumers, because these appliances usually do not come with the offer of after-sales services and have not certified centres for process of after-sales (Euro monitor International, 2011). In general, as it can be seen



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in tables (13 & 14), in spite of Egyptian revolution and its impact on demand of home appliances, it is expected that demand on the home appliances to increase between 2011 and 2016 in both volume sales and value (Euro monitor International, 2012).

#### **4.2.2 Retailers of Home Appliances in Egypt**

In the Egyptian market there are different forms of retail firms. Retailers include national brands and main distributor brands. Some of these distributors are agents of international brands, manufacturing international brands and imported international brands, such as El Araby group, Universal group, Olympic group, Bahgat group (Euromonitor International, 2011). The major distributors in Egyptian market can be seen in the table below.

There are different forms of retailers operating in the home appliances sector in Egypt. They are store-based and non-store retailing. Store-based retailing has more dynamic growth in Egypt comparing to non-store base retailers. Store-based retailing comprised big retailers such as B-Tech that is sole distributor and importer of some international brands. B-Tech has its national network outlets that provide after-sales services for all international brands sold at their outlets.

B-Tech is mainly concentrating in modern cities such as Cairo and Alexandria because company targets upper and middle consumers segments (Passport, Euro monitor International, 2012) for example Carrefour, Omer Effendi and Oriental Weavers. In addition to, there is small-medium retail firms operate in Egypt. Table (15) underneath shows the distribution format of home appliances in Egypt. As it can be seen in table (15) independent retail firms and SME retail firms of home appliances represent the highest percentage of Egyptian market.



Store-based retailing by volume %	2006	2007	2008	2009	2010	2011
Hypermarkets	19.6	19.6	19.6	19.6	19.6	23.5
Supermarkets	3.4	3.4	3.4	3.4	3.4	1.4
Durable goods retailers	67.1	67.1	67.1	67.1	67.1	69.3
Kitchen specialists multiples	10.8	10.8	10.9	10.9	10.8	11.6
Kitchen specialists independents	8.9	8.9	8.9	8.9	8.9	8.1
Electrical goods retailers multiples	16.2	16.2	16.1	16.1	16.2	16.0
Electrical goods retailers independents	31.2	31.2	31.1	31.2	31.2	33.5

Table 16: Major appliances by distribution format between 2006-2011 (Euromonitor International, 2012)

In Egypt as a result of liberalisation of trade regimes and the encouragement of *foreign direct investment* (Abed & Davoodi, 2003) some international retailers are operating in Egyptian market. One of the most important international players in Egypt is Carrefour with its super and hypermarkets. They have large appliances distribution channels, huge promotional offers and strategy of targeting middle and high income group of consumers (Euromonitor International, 2012). In addition to, there are some national malls such as Arabia that accommodate the key international players and national players in retailing.

The presence of international players, rising mall culture and existence of distribution channels of home appliances may represent challenges for small-medium retail firms. SME retail firms with their limited financial resources may struggle to use strategies which are used by big retailers. Unlike big retailers, SME retail firms in Egypt have not services centres to process after-sales and to deliver spare parts. Furthermore, they could not offer incentives such as promotion, instalments and other incentives that big retailer use.

% retail volume Brand	Company	2008	2009	2010	2011
Universal	Universal Group	7.7	8.6	9.8	11.2
Toshiba	El Araby Group	10.5	11.6	12.2	10.3
Keriazzy	Kiriazzi Group	8.2	8.5	8.1	10.0
Zanussi-Electrolux	Olympic Group SAE	4.6	5.7	8.6	9.7
Fresh	Fresh Electric Co	4.8	5.6	6.3	6.7
Ideal	Olympic Group SAE	8.9	7.9	7.1	6.3
Ideal Elite	Olympic Group SAE	4.3	4.4	5.8	4.4
Atlas	National Army Factories	3.1	3.2	3.2	3.3
Goldi	Bahgat Group	3.4	3.8	3.3	3.2
Electrostar	Electrostar Group	4.8	5.7	6.1	3.1
Technogas	Eastern Company SAE	1.8	1.9	1.5	2.1
GMC	GMC SA	1.2	1.7	1.6	1.4
White Whale	White Whale Co	0.5	0.5	1.2	1.4
Sharp	El Araby Group	1.1	1.0	1.1	1.3
Lux	Lux Egypt Ltd	1.3	1.2	1.2	1.1
JAC	JAC Power Group	0.3	0.8	0.8	1.0
Nour	Nour Group	0.6	0.9	0.9	0.9
Siemens	BSH Bosch & Siemens Hausgerate GmbH	0.9	0.9	0.8	0.8
Alaska	Olympic Group SAE	0.6	0.7	0.7	0.7
LG	Bahgat Group	0.5	0.4	0.5	0.6
Iberna	Olympic Group SAE	0.4	0.4	0.4	0.5
Sharp	Olympic Group SAE	0.5	0.5	0.5	0.5
Samsung	Samsung Corp	0.5	0.5	0.5	0.5
Kenwood	El Motaheda Ltd	0.3	0.3	0.3	0.3
Philips	Olympic Group SAE	0.2	0.2	0.2	0.3
De'Longhi	El Motaheda Ltd	0.2	0.1	0.2	0.1
Iberna	Electrolux AB	0.1	0.1	0.1	0.1
Others		28.7	22.9	17.1	18.1
Total		100.0	100.0	100.0	100.0

Table 17: Brand shares of main distributors (source: Passport, Euromonitor International, 2012)

### 4.3 Drivers for the Creation of Relationship and Formation of ASSC in Egypt

As it can be seen in table (17) below, the population in Egypt is continuously increasing. Population in Egypt rapidly increased during the period of 2004 and 2009. More recent report reveals that population in Egypt has reached around 78.4 million and 62.8 million between 15-64 years (Datamonitor, 2012) and it is expected that number of population in Egypt to reach 91.7 in 2015 (Business Monitor International Ltd, 2011).

The increasing of population would lead to increase number of households and urbanisation as well. This made the Egyptian market one of the next eleven emerging countries that experience a rapid growing of population with growing of consumers market and earning potential (Eghbal, 2008).

Increasing urbanization with increasing rate of working women and a rapid increase in middle class in Egypt, all these factors may influence the demand of home appliances. Increasing in population and urbanisation also would increase number of new generation of consumers and would affect the demand on home appliances (Passport Euromonitor International, 2012).

Indicator	Units	2004	2005	2006	2007	2008	2009
<b>Population</b>	Millions	76.17	77.56	78.95	80.34	81.71	83.08
<b>Total number of households</b>	Millions	18.58	18.92	19.73	20.27	20.86	21.44
<b>Urban population</b>	Percent age	42.74	42.80	42.98	43.16	43.34	43.52

**Table 18: demographic indication in Egypt (source: market Line, 2012)**

Furthermore, growing middle class, growing of young population and increasing work force would lead to increase disposable income and purchasing power (Alon, 2006; Pangestu, 2010; Black Rock, 2010; Watt, 2011; Redman & Sai, 2012). This also influence consumer demand and nature of demand for example, increasing rate of working women and increasing Western life style are encouraging fewer shopping trips and greater amount of products to be brought per trip. In addition to, working wives tend to purchase large capacity product such as, large capacity fridges, freezers and washing machines (Euromonitor International, 2012).

Furthermore, Egyptian market experiences growing of young labour force which estimates more than 25.6 million with at least 600,000 new entrants into market annually and around 25 percent of this force is concerted in the Cairo and Alexandria (Business monitor international Ltd, 2012).

Egypt has been described as a labour abundant state where force work in Egypt has unique advantages which includes multilingual work force, low labour cost and relative familiarity with Western culture compared to traditional outsourcing destination such as India (Datamonitor, 2012).

Work force and cost of labour represent important element in ASSC in the context of home appliances industry. People such as engineers, call centre staff, warehouse staff and transportation staff is one of the most important components of after-sales service supply chain. Work force also is an important part of after-sales' physical assets which include, delivery of spare parts, maintenance, repairs and other after-sales services (Cohen et al, 2006a; Cohen & Agrawal, 2006b). From the supply chain perspective, people



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represent a key principle in the creation of relationship with participants of after-sales service supply chain. Furthermore, people perception of relationship and how these people handle the relationships is fundamental issue in creating efficiency and effectiveness among actors of supply chain (Emmett & Crocker, 2006).

Furthermore, the consumption of appliances in Egypt shows positive growth rates on 2011, as demand on home appliances has reached sales value \$9, 112.9 million (Euromonitor international, 2012). Although, GDP in Egypt was affected by Egyptian revolution where demand on appliances has dropped from 5.1% in 2010 to 3.2% in 2011. The GDP, however, expected to reach 4.9% in 2013 (Business Monitor International Ltd, 2011) and increase after 2012 (Datamonitor, 2012), this would affect demand of appliances because there is relationship between volume sales of home appliances and the GDP performance (Euromonitor International, 2010).

Physical infrastructure is important determinant for the configuration of after-sales supply chain and important part of after-sales physical assets that includes transportation, delivery of spare parts, maintenance, repairs, reverse logistics and other components of after-sales services (Cohen et al, 2006a; Cohen & Agrawal, 2006b). Egypt has seen good progress in its infrastructure over recent years (Business Monitor International Ltd, 2011) and it is expected that public sector will make some domestic construction and buildings over 2012 and 2014 (Business Monitor International Ltd, 2011).

Demand in home appliances, specifically the demand in built-in appliances is highly dependent on housing market and the number of new completed dwellings (Euromonitor International, 2011). Accordingly, there is strong relationship between estate sector and demand of home appliances, for example consumers who are able to rent or buy houses or flats can purchase home appliances (free-standing or built-in appliances).

Egypt occupied good geographical location for trade because Egypt has access to both the Mediterranean and Red Sea and has Suez Canal route



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that connects Europe with Asia. Suez Canal then is a huge infrastructural asset which is providing the main trade route between Europe and Asia and accounting for roughly 7.5 percent of world sea trade. The city of Port Said is an important harbour for Egyptian exports and imports (Business Monitor International Ltd, 2011). Egypt also has 85 airports and with 71 has paved runways.

Egypt has a reliable transportation system; it encompasses railway, underground railway, taxis, buses and minibuses. However, although the road system in Egypt is broadly good, the safety record in Egypt is poor and vehicles normally overcrowded (Business Monitor International Ltd, 2011). Transportation system and the road system has direct impact on the process of after-sales and logistics of after-sales within the supply chain which require communication between retailers and their suppliers on the one hand and between retailers and consumers on the other hand.

Physical infrastructure, transportation and road system represent the foundation for collaboration and integration among actors of supply chain related to logistical activities of after-sales (Sandberg, 2007). The accessibility to service suppliers is one of the most important elements of services quality especially in collectivist societies that trust in personal contact (Malhotra et al, 2005). In such societies customer's easy of contact with service providers and accessibility is crucial, therefore, the development of transportation and road system can facilitate logistics of after sales and increase the collaboration among actors of after-sales services supply chain.

Communication infrastructure is another driver of the configuration of ASSC. The relationship between retail firms and their consumers (downstream relationship of ASSC) requires communication during the process of after-sales. Consumers communicate with retail firms for many reasons such as, getting information related to appliances purchase and associated after-sales, maintenance, repairs, replacement, and purchase spare parts.

Communication and knowledge creation is an important element of supply chain collaboration and the creation of sustainable competitive advantage

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(Cao & Zhang, 2011). Since cooperation among actors of supply chain is based on contacts and formal agreements (Fiala, 2005), information technology and share knowledge represent important and prerequisite for collaboration (Sandberg, 2007; Singh, 2011).

Furthermore, applying IT within the upstream relationship or supply side of ASSC would enable them to exchange information related to consumer demand, improve performance of after-sales (Mentzer & Gundlach, 2010) and employing collaborative methods to optimize after-sales supply chain operations(Singh, 2011).

Information sharing among actors of supply chain helps to exchange information related to inventory, reduces the supply chain costs, reduces the demand variability, enhances responsiveness, improves the service level(Singh, 2011), reinforce the connectedness and decrease the dysfunctional conflicts(Ferrer et al, 2010; Salam, 2011; Cheng, 2011) while processing after-sales within the supply chain.

On the demand side, the infusion of technology in process of after-sales services is related to perceived services quality, customer satisfaction and national culture (Birgelen et al, 2002). This relationship may be strongly interpreted through communication method between retail firms and their consumers.

Although advance in communication technology has bridged time and distance and offered additional options of communication, however cultural and social differences can affect the adoption of communication technology because participants of ASSC, consumers are embedded in specific society, and this would influence participants' actions related to communication process(Baack & Singh, 2007; Singh, 2008; Leonard et al, 2009) and relationship performance(Beugelsdijk et al, 2009; Voldnes et al, 2012).

Communication and IT is one dimension of service quality that would affect customer satisfaction in different societies. Unlike consumers in established

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markets, collectivist consumers in emerging markets for example, collect evidence and information related to the product and after-sales through interpersonal factors like family, social group, and social class (DiMaggio & Louch, 1998; Malhotra et al, 2005).

Consumers in emerging markets seem to depend on external search for product information such as personal information obtained from friends, families and salespeople or impersonal information such as printed promotion, radio and in-store displays (Donoghue et al, 2011). In the context of applying communication technology in after-sales services, the perceived quality–satisfaction relationship between retail firms and consumers is particularly moderated by national culture (Birgelen et al, 2002).

Communication infrastructure and telecoms network in Egypt have witnessed extensive modernization over the years. In 2010, the total mobile subscriber base was estimated at 66.9 million. The number of Internet users in Egypt has also increased, from 6 million in 2006 to 14 million in 2010. It is expected to end in 2012; the country has been targeting universal access policies, strategies and support for ICT applications.

Furthermore, the country also has co-operative initiatives with the European Union to enable the gaining of knowledge from European development models. According to UNCTAD's first ICT Policy Review of Egypt, the country is expected to emerge as a major player in the information economy (Datamonitor, 2012). From 2011 the household penetration of internet enabled computer reached 28% and 7% of homes has broadband internet access at home (Euromonitor International, 2012). Such situation will help consumers to explore offers about product and services online, internet will help retailers' to promote their offers online (Euromonitor International, 2012). However, in the Egyptian market using IT in distributing home appliances is still uncommon. According to Euromonitor International (2012) main distribution format of home appliances is store-based retailing as it can be seen in table (18) below.

Retail Volume%	2006	2007	2008	2009	2010	2011
<b>Store-based Retailing</b>						
Durable goods retailers	67.1	67.1	67.1	67.1	67.1	69.3
Kitchen specialist multiples	10.8	10.8	10.9	10.9	10.8	11.6
Kitchen specialist independents	8.9	8.9	8.9	8.9	8.9	8.1
Electrical goods retailers multiples	16.2	16.2	16.1	16.1	16.2	16.0
Electrical goods retailers independents	31.2	31.2	31.1	31.1	31.2	33.5
<b>Non-store Retailing</b>						
Home shopping	-	-	-	-	-	-
Internet retailing	-	-	-	-	-	-
Direct selling	-	-	-	-	-	-

Table 19: Major Appliances by Distribution Format 2006-2011(source: Euromonitor International, 2012)

Competition is one of the most important drivers for creating relationships and formation of ASSC. The relationship between competition level and using after-sales services can be used as a method of creating competitive advantage in specific market. In highly competitive market such as established markets, in order to differentiate, adding value and compete properly retail firms need to provide higher level of after-sales service (Asugman et al, 1997; Cohen et al, 2006a).

Whereas, market with little or no competitive offering retail firms may not be motivated to provide it, even though they recognise that after-sales is important strategic tool in creating competitive advantage. In this case, after-sales may be seen as unnecessary element of augmenting the appliances (Asugman et al, 1997).

From this perspective, small and medium retail firms can use after-sales as a method of competitive advantage by adding value to their consumers who purchase appliances. In Egyptian market, small-medium retail firms compete with international retailers and big national retailers such as B-Tech chain from the Olympic Group and Carrefour with retail outlets distribute national and international brands. These retailers have modern distribution channel,



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networks and service centres to provide after-sales services (Euromonitor International, 2012).

These giant retailers use different promotion methods all year around, these promotion method include, price discounts and special offers mainly quantity discounts, certain display areas for continuous discounts often taking the form of buying a small or big appliance and getting something free with each purchase.

Furthermore, some hypermarkets started to provide payment facilities such as dividing payment into instalments over long time. Such promotion activities aim to encourage consumers to make purchases in the period of revolution (demand on home appliances were Fluctuating).

On the other hand, extensive price and quantity promotion encourage middle income consumers to switch from other distribution channel when they purchase appliances (Euromonitor International, 2012). In this context, small-medium retail firms normally have less market power and dependency on small customer base, which make market environment less controllable and uncertain than larger organisation.

Therefore, in order to increase competitive advantage in certain market small-medium retail, firms need to enhance their capabilities and use relationship marketing with consumers and suppliers. Relationship could be perceived as low risk, highly flexible and easy to adapt to changing demands related to appliances and after-sales (Zontanos & Anderson, 2004). From the perspective of relationship marketing, small and medium retail firms can use external dimension of power by building personnel contact network to get vital market information and secure contracts for their businesses(Zontanos & Anderson, 2004).

Furthermore, since demand is less recognised component of supply chain in term of efficient and responsiveness(Hoover et al, 2001), small-medium retail firms need to understand consumers' needs and building close relationships

with consumers which translated to shorter line of communication with consumers. Personal interaction during the process of after-sales and purchase appliances would lead to increase consumer loyalty and satisfaction (Zontanos & Anderson, 2004). Such close and personal relationship, create dialogue with consumers and involving in local communities would make small-medium firms more flexible in responding to consumer demand (Zontanos & Anderson, 2004; Jardine, 2008).

The challenge may arise is that SMEs lack the willingness to integrate information technology in communication with participants of supply chain (Vaaland & Heide, 2007). Lack of willingness to adopt information technology may affect the process of after-sales negatively in creating competitive advantage such as, increase cost, increase time of delivery, less managing inventory system, lack market information related to suppliers offers and other factors.

However, the behaviour dimension of supply chain include communication pattern which has impact on supply chain commitment and process integration (Salam, 2011). Culture also has direct impact on adoption of IT in communication when building relationship between retail firms and other participants of supply chain (Malhotra et al, 2005; Baack & Singh, 2007; Leonard et al, 2009; Beugelsdijk et al, 2009; Voldnes et al, 2012).

## **4.4 Conclusion**

This chapter is dedicated to explain the conditions of retailing of home appliances. This includes nature of home appliances industry, available format of retailing of home appliance, supply channels which are used in the Egyptian market and nature of competition. In this chapter the researcher has described advantages available in the Egyptian market. These advantages encompass, increasing of population, increasing number of households, and urbanisation and changing role of women in the Egyptian society. In addition to, the growth of young labour force, a labour abundant increased the consumption of appliances in Egypt and nature of competition. These

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advantages and general condition of home appliances can offer drivers for SME retail firms in creating competitive advantage through delivering after-sales services through ASSC.

In this chapter the researcher discussed the impact of societal culture on the creation of relationship between SME retail firms and other participants of ASSC. More specifically, this chapter discussed the impact of societal culture on the adoption of specific communication methods SME retail firms adopted while process after-sales in both sides of ASSC. To summarise, this chapter discussed role SME retail firms play in the creation of competitive advantage by exploiting available resources and enhancing relational capabilities while process after-sales within ASSC. In the following chapter the researcher will explain how the obtained data from interviews and observations was analysed. The researcher also will clarify categories and highlight the themes that emerged from the data

## **Chapter Five**

### **Data Analysis**

#### **5.1 Introduction**

This chapter includes the analysis of interviews and participant observations in emerging and established markets. Interviews and participant observations have been conducted in Egypt which was chosen to represent emerging markets. The UK represents established markets, because in the UK practices of supply chain and relationships within supply chain represent an established model.

Since one aim of this research is to explore the impact of culture on the creation of relationships and the formation of after-sales service supply chains. Such aim required a comparison between the cultures of established markets (the UK) with cultures of emerging markets (Egypt). Therefore, Interviews and participant observations were conducted in the UK to fulfil this aim. Participant observations have been selected as a method allowing the researcher to observe people in a natural setting (Flick, 2006). Observations also allowed researcher to observe cultures of different social groups within different societies (Thorpe & Holt, 2008).

This research adopts a qualitative method and inductive approach so that the research objectives could be met during the data analysis. Adopting qualitative method helped the researcher to interpretive material practices which allow her to make interaction of after-sales visible (Denzin & Lincoln, 2000). In addition to, Inductive analysis allowed the researcher to read material, drive concepts and themes from the interpretation of raw data (Thomas, 2006).

In this study, the researcher has employed narrative analysis. In social science narrative analysis refers to obtain interpretations of data. Such



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interpretations leads to diverse methods of analysis and multiple interpretations made from the raw data by the researcher who codes the data (Thomas, 2006). Each method requires the construction of texts for further analysis. In this context Silverman (2001) suggested that the researcher needs to select, organise and compose field notes for close review.

In this study, the researcher has selected sections from transcripts of interviews and observations and these chosen sections were related to main categories of research's topic. The researcher has coded raw data by highlighting the related categories and commenting on them in the margins of transcriptions. This allowed researcher to organise the discussion into many stages.

In order to provide the reader with a clear and understandable picture, the researcher discusses the process of data analysing with more detail in the following section. In general, the researcher adopted qualitative data analysis which helped the researcher to identify patterns and themes from a huge amount of qualitative data. The researcher also adopted thematic analysis where narratives were grouped into similar thematic categories.

Every single category refers to the same issue(s). These issues are related to relationship between retail firms and other participants of supply chain and the impact of culture on the creation of ASSC. More specifically discussed the impact of culture on adoption of specific communication methods in both sides of ASSC.

## **5.2 Analysis of interviews**

Taylor-Powell and Renner (2003) provide useful guidance for analysis qualitative data and analysis process. In this study the researcher used a similar process while analysing the interviews and the observations. As it has been explained in previous chapters, that this study focus on the creation of competitive advantage for SME retail firms and emphasis on comparing

culture of emerging and established markets on the creation of relationship within ASSC.

Therefore, the suggested framework of ASSC has big preset categories. They are, downstream relationships within demand side of ASSC; upstream relationship within ASSC; elements that drive formation of ASSC; elements that obstruct formation of ASSC and finally the impact of culture on the creation of relationships and formation of ASSC in emerging and established markets. In addition to the super five categories (that were mentioned in the methodology chapter), the researcher captured sub-categories and identified themes that emerged from data as they became apparent from reading the data repetitively.

**5.2.1 Elements are related to the demand side of ASSC**

This category is one of the five major categories of ASSC. This category focuses on relationship within demand chain of ASSC. This relationship includes the communication between retailers and their consumers while process after-sales and delivering spare parts. This category has sub-categories and themes that emerged from data. Responses about the demand chain and related issues are presented below.

**5.2.1.1 Perceived nature of relationship between retailers and consumers**

In this part based on the retailers' responses that represented in table (20) the researcher will interpret the nature of relationship between SME retail firms and their consumers. Furthermore, the searcher will compare relationships between retailers and consumers in the Egyptian and the UK. Then the researcher will develop interpretive narrative regarding data of this theme.

Egyptian retail firms	Retail firm in the UK
<p><b>Retailer 1</b> We have a personal relationship with our consumers. Consumers are not convinced that suppliers are responsible for processing after-sales; consumers come to us as a retailer to sort a problem out.</p> <p><b>Retailer 2</b> Personal relationship is more popular because the nature of the Egyptian</p>	<p><b>Retailer 1</b> Relationship with consumer I can say it is formal. Consumes have guarantee card, with number provided to connect the suppliers directly, in this time I am not responsible for after-sales. But in case of reconditioning or after period they come to me.</p> <p><b>Retailer 2</b></p>

<p>society tends to be personal. A majority of consumers come to our business when face any problems, instead of contacting suppliers and service centres.</p> <p><b>Retailer 3</b> It is totally personal. Consumers feel that I am the secure point in processing their after-sales.</p> <p><b>Retailer 4</b> The relationship between retailers and consumers is based on personal and social relationships. After-sales supply chain is related to general culture and related to the whole culture of society including consumers themselves.</p> <p><b>Retailer 5</b> It is a widely personal and social relationship. Some of my consumers come to my business during the period of guarantee,</p> <p><b>Retailer 6</b> Our relationship with consumers in the first place is a personal relationship. A majority of Egyptian consumers' recourse to their retailers to get after-sales service during the period of guarantee.</p> <p><b>Retailer 7</b> Most likely formal and personal relationships are important</p> <p><b>Retailer8</b> It is personal in the first place. A majority of consumers in Egypt convinced that retailers are responsible for any problem consumer face during the guarantee period.</p>	<p>We have formal and personal with our consumers. In case of after-sales customers contact directly with manufacturers during the guarantee period in case they buy new product, when the guarantee period expired we will deal with any problems such as repairs, spare parts and so on</p> <p><b>Retailer 3</b> We have personal and formal relationship with our consumers. But it tends to be personal rather than formal. We do damage stock which slightly marked and slightly used; we have covered ourselves the warranty so if there is any problem the customers call us. Consumers also come to our business after- period of guarantee.</p> <p><b>Retailer 4</b> Relationship with my customers is formal. Consumers understand that manufacturers are responsible in this period so they go to manufacturers to sort and problem out during guarantee period; they just come to us if they have lost a receipt or something.</p>
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Table 20: Perceived nature of relationship between retail firms and consumers

As can be seen in table (20), a majority of interviewed retailers in the Egyptian market perceive themselves to have personal relationships with consumers. Interviewed retailers reported that, in the Egyptian culture the retailers are responsible for after-sales, some of consumers convinced that retailers are the responsible party for after-sales. Furthermore, some consumers insist on retailers to involve in the process of after-sales during the guarantee period. One retailers for example, said "um...look, it only works if the relationship is personal and social". Whereas, in the UK interviewed retailers perceive that they have formal and personal relationships with their consumers. The process of after-sales and relationships amongst actors of ASSC is defined.



SME retail firms in the UK have personal and long-term relationships with their consumers while they deliver after-sales.

There is some evidence in literature such as Malhotra et al (2005) and Leonard et al (2009) indicated that people in emerging markets prefer to use personal interaction whereas in established markets people prefer to use less personal interaction. Furthermore, based on the argument of Walters and Rainbird (2004) and Homburg et al (2002), the process of demand chain require developing product-service options and value of services of customer relationship management. From this perspective, in order to create customer value, the interviewed SME retail firms in the Egyptian market focus on personal relationships. Whereas in the UK, interviewed retailers emphasis more on formal relationship in term of delivery of after-sales.

**5.2.1.2 Pattern of communication between retail firms and consumers**

As can be seen in table 21, this theme discusses pattern of communication SME retail firms adopt while they process after-sales in demand side of ASSC.

Egyptian retail firms	Retail firm in the UK
<p><b>Retailer 1</b> We have personal contact with consumers. I do not use IT to promote product or to communicate with consumers. Satisfied consumers will recommend other consumers to deal with my business, it is a Word of Mouth, and it is free promotion.</p> <p><b>Retailer 2</b> Personal contact is the main and popular method of communication with consumers. Landlines telephone also one method of communication with consumers. I do not use Internet when communicate with consumers. I am not ready to lose any consumers whereas; there are many representatives in Egypt, there are many alternatives available in the local market.</p> <p><b>Retailer 3</b> Personal contact is main method of communication, then land line phones, IT is absent as a method of communication. I try to build a long-term relationship with my consumers, I try to retain as much as I can although this relationship is disappearing over time due to economic circumstance and other circumstances.</p>	<p><b>Retailer 1</b> Land line phones are main method of communication with consumers in term of processing after-sales within the supply chain. Consumes always call us for the service. You know if you meet customer demand of after-sales, customers will be satisfied and happy ,so we can keep them as a customers and this will help us to strengthen our position against our competitors , you know when customer unhappy with your services they will go to other retailers</p> <p><b>Retailer 2</b> Normally we contact with consumers by phone. Unfortunately we do not use IT when communicate with consumers in processing after-sales. I know it is useful and vital tool but I do not use it. As a business you have to deal with customers very carefully and other thing is good service bring customer satisfaction and then you get good relationships and customers recommend us and they keep coming.</p> <p><b>Retailer 3</b></p>



<p><b>Retailer 4</b> The Egyptian culture prefers personal contact and almost consumers come to my business by recommendation of their families and relatives. As a retailer what I can do is force main suppliers and representatives to process after-sales that meet the consumers' demand during the guarantee period. Furthermore, I can help consumers get suitable maintenance or repair with reasonable fees after the guarantee period.</p> <p><b>Retailer 5</b> Personal relationship and social relationship. Relationships with our consumers depend on relatives' recommendations. Internet does not used in Egypt. It is a widely personal relationship and it is also a social relationship for example, some relationships with our consumers depend on relatives' recommendations so the word-of-mouth plays an essential role in this case.</p> <p><b>Retailer 6</b> A majority of people believe in personal contact rather than the use of technology in communication. We use a well-known newspaper to advertise our appliances. The Internet is very limited in Egypt. In such cases we play an essential role in creating competitive advantages by retaining and satisfying our consumers. Our consumers in turn will support us to sustain our market share.</p> <p><b>Retailer 7</b> Consumers are a vital tool of promotion; they are a method of free promotion. Consumers are a vital tool of promotion; they are a method of free promotion, a word-of-mouth promotion.</p> <p><b>Retailer 8</b> Personal contact is first method with consumers; I do not use internet to communicate with consumers. We always take the consumers side when they claim after-sales from their suppliers, our prime aim as retailers is to satisfy our consumer as much as we can</p>	<p>We use land-line phones. The customers call us, I have recording book to book for job of after-sales engineer does. If somebody comes to you once and buys something from you and something breaks down and it is not fixed or dealt with properly, they want come back to you so you know obviously one person if he does not came back to you, he will tell another 40, 50 that it was not good like they say bad news spreads quick. So the first step is keeping customers happy in the side of after-sales, if they have not happy they will never come back so our aims is not to sell product but to have repeat customers as well.</p> <p><b>Retailer 4</b> I advertise on the radio and newspaper.  I do not use internet but we have land line.  Of course, by processing good and responsive after-sales is important tool in creating competitive advantages I can retain and satisfy my consumers in my local market.</p>
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**Table 21: The opinion of the interviewees about the pattern of communication between retailers and consumers**

As it can be seen in table (21) in the Egyptian market personal contact occupy a main pattern of communication between retailers and consumers. Whereas in the UK, the land line telephones represent the main method of contact while retailers process after-sales. Word-of-mouth was main method SME retail films used as a promotion method in both Egyptian and the UK market.

In the UK, radio and newspapers are used to promote retailers' offers whereas in the Egyptian market, radio and newspapers are not commonly used.

Data interpretation of this theme agree with Leonard et al ( 2009) and Danisman (2010) who argued that people in collectivist societies prefer to use face-to-face communication and prefer to use personal relationship. However, same data contradict Birgelen' argument in term of using of technology-based after-sales service contact mode in the Egyptian market.

**5.2.1.3 Role retail firms play in demand side of ASSC**

Based on data analysis, the researcher summarise the role SME retail firms play in the creation of competitive advantage regarding after-sales. In this theme, the researcher compares the role SME retail firms play in the Egyptian and the UK market. The researcher also will develop interpretive narrative regarding this theme.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> I recommend consumers to purchase from specific supplier. I tried to offer spare parts as cheap as possible and we order them in advance. I also, select suppliers who respond to consumer demands in terms of product and after-sales as well. "I tried to offer this part as cheap as possible as it cost 500 dinars from suppliers; I offered it for my consumer just 250 dinars". Such action will increase consumers' satisfaction, retailer for example confirm "One day I remembered one consumer said to me "if you sell spare parts with 10000 dinars while it cost 1000 dinar I will buy it from you without any hesitation".</p> <p><b>Retailer 2</b> A majority of consumers come to our business when face any problems of their appliances instead of contacting suppliers and their service centres. We sorted problems that happened between consumers and suppliers in term of after-sales service as a retailer has power over our suppliers within the supply chain. I recommend the consumer to purchase a specific product or warn them of purchasing from a specific supplier.</p> <p><b>Retailer 3</b></p>	<p><b>Retailer 1</b> We have different suppliers of spare parts such as CCTF and DAD; we buy from them to process after-sales with reconditioning appliances and to process after-sales for general consumers.</p> <p><b>Retailer 2</b> In this area student, there are so many student around (60,000), we got relation with land lords and letting companies they are our customers, they have keep coming because our good quality of relationship, personal and business relationship both good so we know they will come again next year.</p> <p>Relationship with consumers is 100% important, actually it should be 101% the reason is if the customers are not there, you are nothing.</p> <p><b>Retailer 3</b> We can use competitive advantage in term of repair because a lot of the major brands such as Hotpoint or Cannon would take about a week or 10 days to come out and if they need part then they might to wait for another 5-6 weeks. This process with us usually take 2-3 days, the advantage we</p>

<p>As a retailer all what I can do is choose suppliers or who have a good reputation and good history in processing after-sales. I deal with Egyptian brands because their appliances are cheaper than branded appliances and they offer spare parts with affordable prices, because my consumers focus on price. I have to look for suppliers that support me in retaining my consumer in term of after-sales. I know the nature of consumer demand in different seasons; I bring some spare parts in advance prior to consumers' orders.</p>	<p>have different distributors provide us with spare parts, so we are lot quick in processing after-sales.</p> <p>If somebody comes to you once and buys something from you and something breaks down and it is not fixed or dealt with properly, they want come back to you so you know obviously one person if he does not came back to you, he will tell another 40, 50 that it was not good like they say bad news spreads quick".</p>
<p><b>Retailer 4</b> I am just a middleman I have a small margin of profit. What I can do is to force main suppliers and representatives to process after-sales that meet the consumers' demand during the guarantee period. I can help consumers get suitable maintenance or repair with reasonable fees after the guarantee period.</p>	<p><b>Retailer 4</b> Curry's and Comet, cannot deliver appliances to consumers after the order of them, we offer this advantage consumer can take the appliance at same day. In term of after-sales we fit appliances quicker than big brands, we deal with the problems, and we have engineers on site and send them at any time.</p>
<p><b>Retailer 5</b> We have an idea about consumer demand related to spare parts and offer beforehand. During the period of guarantee all what we can do is to help consumers to get suitable after-sales service in case consumers struggle to get suitable after-sales during the guarantee period</p>	<p>Although we have not every spare part but we have some recycled spare parts and we have a companies that sell spare parts such as "Connect distribution". After-sales are important tool in creating competitive advantages I can retain and satisfy my consumers in my local market.</p>
<p><b>Retailer 6</b> I select suppliers who fulfil consumer requirements in term of after-sales. We supervise the process of after-sales by service centres that belong to the main suppliers, during the period of guarantee.</p>	
<p><b>Retailer 7</b> I as a retailer always chose suppliers who respond to consumers demand in term of after-sales and product quality.</p>	
<p><b>Retailer 8</b> I have idea about the most wanted spare parts in summer or winter and I bring some spare parts in advance.</p>	

**Table 22: The role small-medium retail firms play in demand chain of after-sales services**

As can be seen in table 22, a majority of interviewed retailers in Egypt do not process after-sales but they select suppliers who consider consumer requirements in terms of after-sales. Interviewed SME retail firms in the Egyptian market interfere in processing after-sales by using their power over suppliers. Furthermore, SME retail firms address consumer needs and provide consumers with the most demanded spare parts depending on the season. They offer spare parts as cheap as they can. Such actions led to



satisfy consumers and help retail firms to create long-term relationships with consumers.

On the other hand, SME retail firms in the UK recognise that consumers' satisfaction and customers' relationship is an important element in the creation of competitive advantage in the appliance industry. SME retail firms in the UK use after-sales as a method of competitive advantage. These firms create their small or simple ASSC and try to respond quickly to consumer demands in terms of maintenance, repairing and provision of spare parts. Retailers have good relationships with whole sales suppliers of spare parts to process after-sales as soon as possible.

The outcome data of this theme agree with Jardine (2008) and Zontanos and Anderson (2004). Both authors argued that SME retail firms focus on creating advantage by building personal relationships with consumers. Furthermore, it has been argued that service providers are regard as source of expertise and security in the society (Hofstede, 1980). This is supported with above data where retailers in the Egyptian market select responsive suppliers, address consumer demands in term of spare parts and interfere in delivering after-sales. These actions affected the overall perception, customer's satisfaction and as a result influence positive word-of-mouth communication, recommendation and loyalty (Rigopoulou et al, 2008). One retailer for example said that he remembered one consumer say "if you sell spare parts with 10000 dinars while it cost 1000 dinar, I will buy it from you without any hesitation".



**5.2.1.4 The Awareness of the importance of After-sales and its Impact on the Creation of Relationships between retail firms and Consumers**

In this part the researcher will summarise related data of to what extent consumers have awareness of the importance of after-sales in the Egyptian and the UK market. Furthermore, the researcher will interpret data regarding the impact of such awareness on the creation of relationships within demand chain of ASSC.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> The majority of Egyptian consumers are unaware of the relationship amongst supply chain participants; They are not convinced that suppliers are responsible for processing after-sales. Some retailers also do not take any positive action towards their consumers in case of any problem consumers' face.</p> <p><b>Retailer 2</b> Consumers in Egypt had a bad concept about after-sales because of previous experience they had with traders who import products and do not process any after-sales. Therefore, a majority of consumers in Egypt prefer Egyptian brands, as their prices are affordable and spare parts available. Some retailers as well just care about selling products rather than building a long-term relationship within a formal chain.</p> <p><b>Retailer 3</b> A majority of my consumers come to me in case of any problem they face during guarantee period. In fact in Egypt, participants of the supply chain do not recognise the importance of after-sales in creating competitive advantage, and do not recognise the importance of relationships amongst participants of supply chain. Suppliers and retailers are open on other cultures, I mean the culture of the established markets will be perceived better than traditional process of after-sales in supply chain</p> <p><b>Retailer 4</b> A majority of Egyptian consumers are uneducated and they are not aware of after-sales culture and relationship. They convince that I am as a retailer responsible for any faulty in the product. I think after 15 year's people's culture will start to change and apply after-sales supply chain properly. "A majority of Egyptian consumers have the ideology that the person who gets the money is responsible for any problem that could</p>	<p><b>Retailer 1</b> With reconditioned appliances consumers are concerned about period of warrantee appliances we give with these product which extend 3, 6 or whatever months. Consumer in this period contacts us in case of after-sales.</p> <p>In case the consumer purchase bard new appliances they go directly to the manufacturers or whole sales suppliers when they face any problem during guarantee period.</p> <p><b>Retailer 2</b> Customers contact directly with manufacturers during the guarantee period in case they buy new product, then when the guarantee period has expire we can deal with problems they may face.</p> <p><b>Retailer 3</b> Customer can call their manufactures and somebody will deal with their problem during the guarantee period. In term of, graded appliances, slightly marked and slightly used we have cover ourselves the warranty so if there is any problem the customers call us.</p> <p><b>Retailer 4</b> A majority of my consumers aware about the importance of after-sales and they know exactly what the importance of after-sales for purchasing machine for example. Generally a majority of consumers ask about after-sales, period of guarantee and so on.</p> <p>The consumers understand that manufacturers are responsible in case of purchasing brand news appliances (guarantee period), so they go to manufacturers directly to sort and problem out; they just come to us if they have lost a receipt or something. After the guarantee we can care and deal with the problems consumers may face.</p>

<p>happen to the product in the future and forever".</p> <p><b>Retailer 5</b> I can say a majority of consumers go to retailer when they face any problem during the product life cycle. Unfortunately a majority of participants in Egypt just care about appliances' selling and profit they get short term.</p> <p><b>Retailer 6</b> A majority of Egyptian consumers' recourse to their retailers when they face any problem during the period of guarantee. Around 80% of retailers do not aware about after-sales importance.</p> <p><b>Retailer 7</b> I think Egyptian consumers have a bad impression on the after-sales processed by the suppliers; therefore, consumers do not care about after-sales. Retailers also do not recognise the importance of after-sales in strengthening their competition position.</p> <p><b>Retailer 8</b> The majority of consumers are not care about after-sales; I think because of bad experience of after-sales they had. Unfortunately a majority of retailers are not aware of after-sales importance in creating competitive advantages.</p>	
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**Table 23: The opinion of the interviewees about the importance of after-sales and its impact on relationship creation**

As can be seen in table 23, in the Egyptian market the majority of consumers convinced that retailers are responsible for delivering after-sales during the guarantee period. This may refer to the Egyptian culture which explains that the party receive money is responsible for any problem of after-sales. Retailers in turn take action by interfering between suppliers and consumers in processing after-sales.

These actions include using coercive power over suppliers. One retailer for example said " the original suppliers use contracts as they are used to doing in their markets, um...however as their representatives are Egyptian...um they do not follow the rules, look...that is the disaster, yah...from the end...Egyptian representatives are affected by Egyptian culture". Whereas, consumers in the UK market, certainly pay attention to after-sales when they purchase brand new or reconditioned appliances. Furthermore, consumers in the UK

market understand the relationship among actors of the after-sales supply chain.

Consumers and retailers perceive after-sales differently in each market and this perception affected the nature of relationship between consumers and retailers. This supports the arguments of Hofstede (1980, 1991) who argued that "society's norm for individualism versus collectivism will strongly affect the nature of relationship between people in the organisation to which they belong". Consumers in the Egyptian market usually go to retailers instead of going to suppliers in case of any problem they face in guarantee period. This agrees with Hofstede (1980) who said "in collectivist societies people emphasis is placed on belonging to organisations that are regards as a source of expertise, duty and security".

### 5.2.2 Elements are related to supply chain

The Supply chain is the second category of ASSC, which has sub-categories and different emergent themes that are discussed below in detail.

#### 5.2.2.1 Perceived nature of relationship between suppliers and retailers

This part is based on the retailers' responses and the researcher will interpret the nature of relationship within supply side of ASSC. The researcher also will compare relationships between retailers and suppliers in the Egyptian and the UK.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> I have a personal relationship with suppliers based on trust. Sometimes suppliers send delegates.</p> <p><b>Retailer 2</b> The nature of the Egyptian society prefers personal relationship. We use personal contact to contact with suppliers.</p> <p><b>Retailer 3</b> Personal rather than formal and based on trust. We have personal contact through suppliers' or agents during product delivery and payment time.</p> <p><b>Retailer 4</b> We are as an Eastern societies deal personally with other participants of the supply chain.</p>	<p><b>Retailer 1</b> Relationship with our suppliers is formal based on trust and credibility.</p> <p><b>Retailer 2</b> I have formal relationship with my suppliers based on trust in term of payment.</p> <p><b>Retailer 3</b> Formal relationship based on trust and credibility in term of payment.</p> <p><b>Retailer 4</b> Formal relationship in term of payment.</p>



<p>When we order product from our suppliers they send it with invoice but sometimes they send extra items to be distributed as they have stock of such items and I have to accept them because refund product takes long and wearisome process/procedure. "Egyptian suppliers prefer personal relationship because they want us to order large quantities of products which help them to get commission on any item".</p> <p><b>Retailer 5</b> It is 75% formal regarding payment and product delivery. We have personal communication with suppliers through delegates.</p> <p><b>Retailer 6</b> It is formal with little level of personal relationship. People believe in personal contact.</p> <p><b>Retailer 7</b> It is formal relationship. We have personal interaction with suppliers when delivery of product or receiving payment.</p> <p><b>Retailer 8</b> Generally it is formal relationship. Normally agents of suppliers come to our business when they deliver products and when it is time to pay.</p>	
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**Table 24: Nature of relationship between retail firms and suppliers**

As it can be seen in table 24, in the Egyptian market interviewed retailers reported that their relationships with their suppliers tend to be personal. Personal relationships prevail regarding product delivery and payment method. Suppliers use personal contacts when they promote their offers that usually performed through delegates.

Some suppliers deliver extra quantity of appliances. This can give evidence of personal relationship between retailers as retailers accept such actions. In the UK market however, the relationships between retailers and suppliers are formal. Both retailers and suppliers in the UK recognise their responsibilities and rights. They are controlled by the rules and regulations of retailing appliances industry.

These data agree with Malhotra et al (2005) and Danisman (2010) who argued that personal contacts are relatively more important in the collectivist societies. Retailers and consumers in the Egyptian tend to be personal in



term of delivery appliances and payments. Suppliers in the Egyptian market also send delegations when they promote offers.

### 5.2.2.2 *Patterns of communication between suppliers and retail firms*

In this theme the researcher will summarise the patterns of communication method, SME retail firms and suppliers use in the Egyptian market and in the UK.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> I contact with suppliers by land line telephone and sometimes they send delegates. The internet is not popular and limited in Egypt.</p> <p><b>Retailer 2</b> Land line Telephone and personal contact.</p> <p><b>Retailer 3</b> Land line telephone and personal contact through suppliers' or agents during product delivery and payment time.</p> <p><b>Retailer 4</b> Land-line phones, mobile phones and delegates.</p> <p><b>Retailer 5</b> Mainly we use land line telephones and personal communication through delegates.</p> <p><b>Retailer 6</b> People believe in personal contact and internet is very limited.</p> <p><b>Retailer 7</b> Land line telephones or personal interaction when delivery of product or receiving payment.</p> <p><b>Retailer 8</b> Normally agents of suppliers come to our business when they deliver products that we demanded and when it is time to pay.</p>	<p><b>Retailer 1</b> We use land line phones when we contact with our suppliers.</p> <p><b>Retailer 2</b> We use phones; We also get on their websites to explore offers. I do not use internet to communicate with suppliers.</p> <p><b>Retailer 3</b> Sometimes I use internet to explore offers but in term of demand of spare parts I use land-line phones.</p> <p><b>Retailer 4</b> I use Internet to contact with my suppliers, I send emails to them and we also have their web pages so that we can see what they have in stock. In term of demanding spare parts I use land line telephone.</p>

Table 25: Patterns of communication between retail firms and their suppliers

Table 25 summarised retailers' responses regarding communication method with suppliers. In the Egyptian market interviewed retailers reported that the main method of communication between them and their suppliers are land-line telephones and personal contact through delegates of suppliers. All respondents in the Egyptian market reported that IT is not used as a method of communication with their suppliers. However, in the UK market, the land-line telephones remain the main method of communication in processing after-sales in supply side. Furthermore, retailers use the internet to explore suppliers' offers.

The outcome of data regarding this theme agrees with Malhotra et al (2005) who pointed out that "non-personal contact like electronic and telephone is relatively more important in developed countries". Interviewed retailers in the UK indicated that they use land-line phones when they order spare parts or when they order appliances. Interviewed retailers in the Egyptian market reported personal contact represent the main method of communication with suppliers. These responses agree with Leonard et al (2009) who argued that "in collectivist society's people focus on two way communication and more personal communication".

### **5.2.2.3 Elements determine the relationships between retail firms and suppliers**

This theme will explain the determinants of upstream relationship of ASSC in the Egyptian and the UK market. The theme also compares elements that determine the relationships between retailers and suppliers in both markets. Theme also summarise the interpretation of data regarding determinants of relationships in supply side of ASSC.

<b>Interviews in Egypt</b>	<b>Interviews in the UK</b>
<p><b>Retailer 1</b> During the guarantee period, the supplier refused to exchange the product. I interfered, replaced it from my shop and informed the supplier about my action.</p> <p><b>Retailer 2</b> We sorted problems that happened between consumers and suppliers in term of after-sales as a retailer I have power over my suppliers as I will not distribute their products</p> <p><b>Retailer 3</b> I interfere between consumer and suppliers, because I want to keep my consumers. We have not any regulations that ensure rights and responsibilities of every participant of the supply chain.</p> <p><b>Retailer 4</b> As a retailer what I can do is force main suppliers and representatives to process after-sales that meet the consumers' demand during the guarantee period.</p> <p><b>Retailer 5</b> During guarantee period, If consumers struggle to get after-sales I can help consumers to get suitable after-sales.</p> <p><b>Retailer 6</b> A majority of Egyptian consumers' recourse to me to get after-sales s when they face any problem during the period of guarantee. We</p>	<p><b>Retailer 1</b> I have cooperative relationship with my suppliers in term of supplying spare parts to process after-sales. We have contract determine responsibility and rights of both of us. There are some suppliers we have stuff from them all time...we just phone them up and they just deliver it to our shop and every month or every 3 months period or whatever period we pay them by cheque and that is it. Suppliers give us very good service, every time we phone they give us the values of, you know because they want the customer as I said there is a lot of competition We always need relationship with our suppliers otherwise, we cannot go forward and cannot compete with other retailers.</p> <p><b>Retailer 2</b> Yes relationships with suppliers are very important because you have to keep the supplier happy, suppliers call us when they got good offer. We deal with supplier nicely, trust and pay them on regular basis so that selling us whatever we want. Multi-supplier is better, they call us say (we got it)... We do not want to lose them because maybe one day we will need them. So we buy this item from this supplier and some buy them from</p>

deal with the problem during the period of guarantee. In fact rules define and control relationships among actors of the supply chain.

**Retailer 7**

Nowadays, after call centres have established a relationship between retailers and our suppliers has cancelled because within this system consumers must contact call centres. The government must issue rules that organise appliances' industry and organise relationships among participants of after-sales supply chain.

**Retailer 8**

We interfere between consumers and suppliers when they complain about after-sales during the guarantee period. This depends on the power of our business over suppliers. In appliances industry, there are no rules or regulations that define responsibilities and rights of all participants including consumers.

other supplier, whichever, one offer a better deal we get a stock from them.

We have to see the market and then we get better price because there are so many suppliers.

**Retailer 3**

I have relationship with my suppliers, this relationship based on trust and credibility.

So credibility and payment on time, is important between us and our suppliers.

We have contract, this contract will define responsibility and rights of each participant We have had a very good relationship with our suppliers. I think if a person does not have a good relationship with their suppliers they will not be in business for long.

We deal with main brands like Hotpoint, Zanussi and LG most of them locate in Birmingham, when appliances or spare parts come down we order stock.

**Retailer 4**

I have good credit history with my suppliers they in turn will help me to satisfy my consumer in term of product and processing after-sales. Some companies have terms and conditions; Most companies will check your credit history and deal with you. Others have different terms and conditions. The law is straight forward and unless the consumer extended the warrantee with the manufacturer...if they extend the guarantee they have warrantee if they do not they lose the warrantee. So the more suppliers you have the better it is for you and for the business. If you have limited suppliers then you are in trouble.

Table 26: Elements determine the relationship between retailers and suppliers.

As it can be seen in above table (26) in the Egyptian market, all interviewed retailers use coercive power over suppliers in processing after-sales.

Retailers reported that they use coercive power over suppliers and interfere in processing after-sales because retailing of appliance industry in the Egyptian market lacks regulations that control the relationship amongst actors of the supply chain. In these industry conditions and nature of the Egyptian culture (high power distance) suppliers accept power inequalities that used by retailers in term of after-sales delivery. At this point, the researcher asked one retailer why they interfere between consumers and suppliers if you do not get any profit. He replied "my aim is to help my consumers...say why? Um...



recently, the market became weary... ah...there is an economic depression, so I try to maintain my relationship with consumers.

On the other hand in the UK, cooperation, trust and credibility are determinants of the relationship between retailers and suppliers. Each SME retail firm has its ASSC and retail firm has relationship with different suppliers. Adopting relationships with multi- supplier enable SME retail firms to choose best offers and to speed up delivery of after-sales. Regulations and rules in the UK define the responsibilities and rights of both suppliers and retailers while they process after-sales. This is because in the UK contracts, rules and regulations control relationships between retailers and suppliers.

Based on this discussion, we can say that elements that determine the relationships between retailers and suppliers are differ between the Egyptian and the UK market. These differences refer to culture differences because in literature it is evident that culture represents an important determinant for adopting the relationships in the supply side of ASSC.

The interpretation of data consistent with findings of Cagliano et al (2011), Zhao et al (2008), Flynn et al (2008) and Hofstede (2002) . The finding of this study indicated that coercive power is used in the Egyptian market because the Egyptian market characterised as less legitimatise market that lack regulations.

### **5.2.3 Elements drive the formation of after-sales service supply chain**

This part is one of the main categories of ASSC; this theme has its sub-categories and contains different themes. However, this part is not applicable in the UK market because supply chains of after-sales already exist.

#### **5.2.3.1 Macroeconomic change**

This theme will summarise data interpretation regarding the impact of macroeconomic change on the creation of relationship and formation of ASSC in the Egyptian and the UK market in the context of appliances industry.



Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b>                      During revolution, Egyptian market became unstable; consumers just demand objects they need urgently... Exchange the faulty object with working object or they demand some spare parts. Consumer relationships are an essential part of our business and customer satisfaction helps us to compete in the local market. Therefore, we have to treat our consumers nicely and properly. We have to give them impression that we are concerned about their needs regarding products and after-sales as well.</p> <p><b>Retailer 2</b>                      The market is unstable; a majority of consumers earn less money, they demand Egyptian brands as they are cheap and their spare parts are available. Generally, guarantee in Egypt is so bad; I mean people who have authority to distribute international products do not process after-sales properly within their service centres and maintenance centres. After-sales are the top priority when I select my suppliers because our consumers focus on after-sales... Cooperative relationships with suppliers lead to customers' satisfaction which helps me to retain my consumers.</p> <p><b>Retailer 3</b>                      The demand of appliances related to the real estate sector. Due to economic circumstance a majority of my consumers focus on price of appliances. Therefore, I deal with national brands as they cheaper than international appliances. Some product from china and turkey has many problems...I have to look for alternative companies or representatives that support me in retaining my consumer in term of after-sales including replacing, maintaining products and providing spare parts. I know many maintenance centres and I recommend my consumers to deal with them in case of any difficulties they face after guarantee period and I know some retailers who sell spare parts, so consumers always recourse to me when they face any difficulties.</p> <p><b>Retailer 4</b>                      Since 10 years the supply product of a particular company was hardly enough for distributors in Alexandria. The whole supply of products did not meet the demand of these wholesale suppliers...in that time there was supply chain. After that time production has increased and the economy has become a little weary ... The main suppliers started to supply other new wholesale distributors and retailers consequently, all participants have started to take products directly from</p>	<p><b>Retailer 1</b>                      I have my small supply chain of after-sales, for example I give warrantee with reconditioning appliances, and I have my engineers who do after-sales such as maintenance, repair, delivery and installations. Furthermore I have many suppliers of spare parts they provide us with spare parts.</p> <p><b>Retailer 2</b>                      I have after-sales supply chain, I deal with local suppliers we got many international brands are operating in the UK. ASSC you suggest is 100% similar to what we do in the UK. We do not import products or spare parts because we got many international brands in the UK.</p> <p>Credit crunch is a big problem. People have got no money Ok...now customers which we get they come around and try to get as cheap as possible</p> <p><b>Retailer 3</b>                      Model of after-sales service supply chain is quite similar regardless of the international supplier as we deal with local suppliers. Model of after-sales supply chain is useful one because if you look here is core of what you need in business which is the customers, suppliers and yourself (retailer) so without these three elements businesses cannot run.</p> <p>There is a rate of market and get harder and harder also increasing and getting more difficult... Cookers now have SFP's which is safety flame device before the cooker did not even have this, now the relation to the past and you have to have SFP's so for that reason the prices have gone up as well but generally everything gone a lot more expensive. To satisfy the customers is very difficult sometimes being small business and when Curry's or Comet have sale during Christmas time which just past now it is very difficult, it is tough.</p> <p><b>Retailer 4</b>                      Every company has its supply chain of after-sales. Me as a retailer does not have that massive supply chain but I do the basic of after-sales to my consumers as I am a small business. My wholesales suppliers provide me with spare parts...there me as a salesman I have</p>

main suppliers. 10 years ago the retailers who are our customers and small suppliers know exactly what they want. Nowadays, retailers come to our business to buy one item or several items which they have already paid deposit for. These days the economic condition is so weary that even the basic salaries of Egyptian consumers are very low as well. The production is on-going but the market is not open. Unlike the seventies era (the era of Al-Sadat), the market was open and people were selling and buying from all parts of the world. Retailers and distributors know in advance that they will get double the profit. As a retailer what I can do is force main suppliers and representatives to process after-sales that meet the consumers' demand during the guarantee period. Furthermore, I can help consumers get suitable maintenance or repair with reasonable fees after the guarantee period.

**Retailer 5**

Egyptian market is a competitive market but since the revolution the market became unstable, the demand of products has decreased because consumer purchasing power decreased and some consumers have lost their job. We study consumer demand and send it to the main supplier through delegates.

**Retailer 6**

Demand of appliances is not as strong as it was before the revolution because of consumers' fanatical circumstances. As a retailer I study consumer demands and recommend them to buy specific product and we select suppliers who fulfil consumer requirements.

**Retailer 7**

Consumer demand has decreased, consumers earn less money and have less job opportunity, consumers cannot rent flats and they cannot buy appliances. Majority of suppliers have their own service centres and call centres that are not related to retailers... According to this system there is a direct relationship between consumers and suppliers. Egyptian Suppliers ignore and drop retailers in processing after-sales because suppliers want to keep a certain margin of profit. As a retailer I chose good brands like Toshiba and Arabic Toshiba and build long-relationships with them.

**Retailer 8**

It was an active market during the revolution however, demand on appliances has decreased. Firms accordingly must meet this demand in term of after-sales so that retail firms retain their consumers and stay

drivers and engineers who deliver after-sales services.

Market at the moment is very slow, the economy is very low, and people are not buying houses so we are not selling many appliances... At the moment demand of appliances is quite low.

<p>competitive at the local market. Our consumers also recognise that we try to retain them as much as we can. Therefore, we try to sort out any problem that a consumer faces even though we are not responsible for it...we interfere between consumers and suppliers when they claim after-sales during the guarantee period.</p>	
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**Table 27: Macroeconomic change in both markets**

As it can be seen in table 27, demand of appliances and after-sales is affected by market condition and the condition of appliances industry. Interviewed retailers acknowledged that the revolution period in Egyptian market has affected consumers' purchasing power, employment, situation of estate sector, market condition and the condition of appliance industry. Similarly, financial crises and the credit crunch in the UK market has affected the demand of home appliances and associated after-sales.

Although ASSC is exist in the UK market, macroeconomic change has affected the demand of appliances and associated after-sales. Macroeconomic change in the Egyptian market also affected SME retail firms and their competitive advantage. Data interpretation regarding this theme show that SME retail firms in each market use their local market condition in creating competitive advantage while process after-sales. This data interpretation agree with Porter (1990, 1998) who argued the creation of competitive advantage is contingent on local market condition, nature of demand and nature of competition. However, same data contradict Bennett and Smith (2002) argument who pointed out that "obtaining competitive advantage from developing trading relationship with other region or countries beyond their own locality".

### **5.2.3.2 The change of competition**

This theme will summarise the data interpretations regarding the impact of competition in each market on the creation of relationships and formation of ASSC.



Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> Competition in Egyptian market became intensive as some supermarkets offer some advantage to consumers.</p> <p><b>Retailer 2</b> Competition changed, we were some offers to our consumers but now some supermarkets offer advantage such as attractive prices and instalments.</p> <p><b>Retailer 3</b> In this sector the competition is so intensive and strong. This requires retail firms to adapt to the market changes and adapt to the change of consumer demands.</p> <p><b>Retailer 4</b> Long time ago we were arranging annual exhibitions we were selling products in instalments within 2 years. Our consumers were waiting for our exhibitions to get offers, now all supermarkets offer same advantage to consumers around the year.</p> <p><b>Retailer 5</b> A competition is so strong because some supermarkets offer some appliances with instalments and discount for low-medium income consumers.</p> <p><b>Retailer 6</b> Competition has increased before we compete with supermarkets with strong advertising and variety of offers.</p> <p><b>Retailer 7</b> Competition is strong in this sector.</p> <p><b>Retailer 8</b> Competition is strong in this sector, many suppliers and many representatives operate in market, there are supermarkets sell different brands with different offers and target different groups of consumers.</p>	<p><b>Retailer 1</b> There is a lot of competition; we do have good relationship with the wholesalers and with our consumers as well. If you meet customer demand of after-sales, customers will be satisfied and happy.</p> <p><b>Retailer 2</b> Small businesses got big competition. As a small business I have to deal with customers very carefully. I have to satisfy all consumers because satisfied consumers recommend us and they keep coming. Actually Consumer relationship is more than 100% important. We process after-sales and provide spare parts to consumers faster than major brands.</p> <p><b>Retailer 3</b> My biggest competitor is the internet. Consumers check their prices on the internet, Sometimes I have to comprise by matching these, and Internet would help us to compete in local market.</p> <p><b>Retailer 4</b> Internet had a big effect in our operation, consumers sit at home and with the press of button they demand. Consumers also, search the internet for with hundreds of different suppliers so it is very difficult to compete. There is a big advantage when we processing after-sales after, although I am small retailer, I respond to consumer demand of after-sales quicker than big brands.</p>

Table 28: The change of competition and its impact on the formation of after-sales services supply chain

As can be seen in table 28, competition in the Egyptian market became intensive because super markets started to target all groups of consumers and supermarkets offer facilities to consumers including instalments and discounts. Such situation made competition strong for SME retail firms that have limited resources. However, in the UK market, IT represents a major element of competition because big retailers use the internet to promote their offers and to reach consumers directly. IT in the UK, offers a quick and flexible method of contact with consumers. Therefore, in order to create



competitive advantage, SME retail firms in both markets focus on managing relationships with consumers.

Zontanos and Anderson (2004) pointed out that "a small firm's marketing advantage in contrast to large firm is precisely close relationships between the entrepreneur and customers". Jardine (2008) argued that "even in time of economic slowdown, there are advantages of being small. One is meeting customers' needs in more personal way then can be achieved by a big cooperation". These findings agree with data interpretations of this theme. In both market SME retail firms focus on customer relationships and focus on consumer demands in term of after-sales.

### 5.2.4 Elements obstruct the construction of after-sales supply chain

There are elements that can obstruct the formation of after-sales supply chain. They are technology, the resistance to change towards the formation of ASSC and obstruct the creation of relationships. Tables 29 and 30 summarise all responses related to both elements.

#### 5.2.4.1 Resistance to change

In this theme the researcher will interpret data regarding elements that make people to resist change towards adopting relationships and formation of ASSC in the Egyptian and the UK.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> A majority of Egyptian suppliers are not aware of the importance of after-sales and do not care about consumer rights. People in service centres belongs to suppliers may delay or show weak response relating to after-sales.</p> <p><b>Retailer 2</b> A majority of representatives do not care about relationships with both retailers and consumers and they do not care about after-sales and its importance in creating competitive advantage, They just care about selling the product and profit products rather than processing after-sales or building a long-term relationship within a formal chain.</p> <p><b>Retailer 3</b> Representatives in Egypt do not process after-sales properly. Unlike the established</p>	<p><b>Retailer 1</b> Not mentioned</p> <p><b>Retailer 2</b> Not mentioned</p> <p><b>Retailer 3</b> Not mentioned</p> <p><b>Retailer 4</b> Not mentioned</p>

<p>markets we have not any regulations that ensure rights and responsibilities of every participant of the supply chain.</p> <p><b>Retailer 4</b> The Misconception of the supply chain by Egyptian participants led to a lack of relationships amongst actors of the supply chain and led to the misuse of the supply chain itself. Some of representatives do not meet their responsibilities towards consumers; some of them just care about short term profit. Egyptian representatives have culture of selling more products and getting faster profit. A majority of Egyptian consumers are convinced that the party that sold the product is responsible for all problems that happened to the product.</p> <p><b>Retailer 5</b> A majority of suppliers and service centres just care about appliances' selling and profit. Some retailers and consumers are not aware of the importance of after-sales and not aware about the importance of relationships among actors of supply chain.</p> <p><b>Retailer 6</b> A majority of Egyptian consumers' recourse to their retailers to get after-sales service during guarantee period. Egyptian suppliers and some retailers are not aware of after-sales and its importance in creating competitive advantages; they normally care about profit rather than long-term relationship. In fact rules can help to define and control relationships among actors of the supply chain.</p> <p><b>Retailer 7</b> I think Egyptian consumers have a bad impression on the after-sales processed by the suppliers. The government must issue rules that organise appliances' industry and organise relationships among participants of after-sales supply chain.</p> <p><b>Retailer 8</b> Unfortunately a majority of Egyptian suppliers and retailers are not aware of after-sales importance in creating competitive advantages. Culture of after-sales and culture of relationship is not recognised by Egyptian consumers, suppliers or retailers. Consumers are convinced that retailers are responsible for any problem consumer's face during the guarantee period.</p>	
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**Table 29: Responses related to resistance to creating relationships and formation of ASSC**

As it can be seen in above table (29) the Interviewed retailers reported that a majority of participants of the supply chain do not understand the importance of after-sales and relationships in creating a competitive chain including some

retailers themselves do not recognise its advantage. Some retailers justified that the culture of short-term profit prevails in Egypt, this conception made the majority of suppliers not responsive to consumers' demands regarding after-sales during guarantee period. In the UK there is no response regarding this theme as ASSC exist and SME retail firms have their own simple ASSC.

Data interpretation agree with Danisman (2010) who pointed out that "cultures of organisations are embedded on broader societal culture, such societal based culture and understandings and values within organisations serve as a source of resistance to change". Same data interpretation agree with Cagliano et al (2011) and Welsh and Raven (2006) who argued that cultures of high uncertainty avoidance reveal a preference for long-term predictability and resist change and avoid any unpredictable or unclear situation.

#### 5.2.4.2 Technology factor

This theme will describe that to what extend technology factor obstruct the creation of relationship amongst actors of ASSC and how this factor obstruct formation of ASSC in both markets as it can be seen in the table below.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> IT is not used in Egyptian market neither in communication with consumers nor with suppliers. Personal contact and land lines phone is popular. Satisfied consumers will recommend other consumers to deal with my business; it is a word –of- mouth promotion.</p> <p><b>Retailer 2</b> Land line Telephone and personal contact are used as a method of contact with suppliers and consumers. IT is not popular within all operators of supply chain.</p> <p><b>Retailer 3</b> The majority of our consumers come to our business on recommendation from their relatives. Land line telephones and personal contact are popular. IT is never used in Egyptian market.</p> <p><b>Retailer 4</b> In appliances industry the relationship between retailers and consumers is based on personal contact and social relationships. Internet is not popular as a method of communication with suppliers and consumers in Egypt.</p> <p><b>Retailer 5</b></p>	<p><b>Reatiler1</b> Not mentioned.</p> <p><b>Retailer 2</b> Internet represents a major method of competition.</p> <p><b>Retailer 3</b> Internet had a big effect on competition in local market.</p> <p><b>Readier 4</b> My biggest competitor is the internet.</p>

Relationship between us and our consumers is personal relationship and it is also a social relationship. We use catalogues, displaying inside the business, the internet remains so limited and uncommon in Egypt.

**Retailer 6**

In Egypt the majority of people believe in personal contact rather than the use of technology. We communicate with our suppliers through delegates. We use a well-known newspaper called Alwaseet to advertise our products and offers. We also display our product in and outside business.

**Retailer 7**

Consumers are a vital tool of promotion; they are a method of free promotion, a word-of-mouth promotion. Land line telephone is common in Egypt. Internet and IT is not popular in Egyptian market. Personal interactions are popular and preferred by consumers and retailers.

**Retailer 8**

Internet is not used in communicating between retailers and suppliers. I contact with supplier through agents come in the delivery of product or when payment due.

Table 30: Technology as an element that obstruct the construction of after-sales supply chain

While in the UK market, IT has affected the competition and is likely to have an impact on the creation of competitive advantages for SME retail firms. Big retailers in the UK use IT to speed up their communication with consumers and to promote their offers to consumers quickly. SME retail firms in the UK process after-sales to consumers and contact with consumers by land-line phones. SME retail firms in the UK also focus on word-of-mouth and in-store displays promotion.

In the Egyptian market, IT does not affect the competition and the creation of competitive advantages. SME retail firms in the Egyptian market do not use IT to communicate with suppliers or with consumers. The Interviewed retail firms in Egypt focus on word-of-mouth and in-store displays as methods of promotion. SME retail firms in the Egyptian market also use personal contacts with suppliers or consumers. The data interpretations in the Egyptian market agree with Jansson (2007) and Leonard et al (2009) who argued that in high avoidance cultures people value the network relationships than using IT. According to Cooper (1994) and De Kervenoael et al (2006)



this refers to cultural and social aspects in the Egyptian market. People in the Egyptian market prefer physical presence of service provider which agrees with Hofstede (1980) argument who pointed out that "in collectivist societies the emphasis is placed on belonging to organization that are generally regards as a source of expertise, order, duty and security in the society". However, data interpretation contradict Birgelen' argument in term of using technology as a contact mode in the Egyptian market. The data shows that in the Egyptian market consumers rely on personal interactions and prefer to use face-to-face contact mode of after-sales.

### **5.2.5 The impact of culture on the creation of relationship among actors of supply chain**

This category is the cornerstone of this study and it represents a lead issue of the formation of the supply chain and a lead issue of the creation of relationships among actors of the after-sales supply chain. Responses about the impact of culture on the creation of relationships were coded in detail in the following part.

#### **5.2.5.1 The impact of culture on the creation of relationship between retailers and consumers**

In this theme the researcher compares the Egyptian and the UK culture in term of the impact of these cultures on the creation of downstream relationships. The searcher also develops interpretive narrative regarding this theme as is shown in the table below:

<b>Interviews in Egypt</b>	<b>Interviews in the UK</b>
<p><b>Retailer 1</b> Consumers are not convinced that suppliers are responsible for processing after-sales; consumers come to us to sort a problem out. Some traditional retailers are not aware of the importance of after-sales in creating competitive advantage.</p> <p><b>Retailer 2</b> A majority of consumers are careless and not aware that they have a guarantee card which ensures consumers' rights of after-sales. A majority of consumers come to our business when face any problems, instead of contacting service centres.</p> <p><b>Retailer 3</b> In case of any problem consumers come to me during guarantee period. Consumers</p>	<p><b>Retailer 1</b> Consumes have guarantee card, with number provided to connect the suppliers directly, in this time I am not responsible for after-sales. But in case of reconditioning or after period they come to me.</p> <p><b>Retailer 2</b> Customers contact directly with manufacturers during the guarantee period in case they buy new product, when the guarantee period expired we will deal with any problems such as repairs, spare parts and so on.</p> <p><b>Retailer 3</b> We sell boxed product (brand new), all comes with manufacturers' guarantee so customer can call their manufactures during</p>

<p>need my support when chasing suppliers in processing after-sales. Consumers feel that I am the secure point in processing their after-sales.</p> <p><b>Retailer 4</b> Consumers convince that I am responsible for any faulty in the product because they pay money to me so in their point of view I have to be responsible for any problem they face. Little consumers are aware that suppliers are responsible for processing after-sales during guarantee period. After-sales supply chain does not relate to retailers it is related to general culture and related to the whole culture of society including consumers themselves.</p> <p><b>Retailer 5</b> A majority of my consumers focused on after sales because I distribute branded appliances which are expensive. Some of my consumers come to my business during the period of guarantee, in case they struggle to contact service or when people in service centres do not meet their requirement of after-sales.</p> <p><b>Retailer 6</b> Not all customers focus on after-sales and not all customers are aware of their rights of after-sales within the supply chain. 80% of retailers do not aware after-sales importance in creating competitive advantage. A majority of Egyptian consumers' recourse to their retailers to get after-sales service during the period of guarantee.</p> <p><b>Retailer 7</b> Some consumers focus on after-sales and guarantee period, consumers have bad impression of after-sales; consumers do not care about after-sales especially when the products are not expensive. Suppliers ignore retailers' roles within the supply chain. Suppliers in fact drop retailers in processing after-sales because suppliers want to keep a certain margin of profit.</p> <p><b>Retailer 8</b> A majority of consumers in Egypt convinced that retailers are responsible for any problem consumer face during the guarantee period, they do not go to suppliers, and consumers usually say to me when they have problem in their appliances "we just know you". The majority of consumers do not care about after-sales, because they had a bad experience with after-sales.</p>	<p>the guarantee period. We do damage stock which slightly marked and slightly used; we have covered ourselves the warranty so if there is any problem the customers call us. Consumers also come to our business after-period of guarantee.</p> <p><b>Retailer 4</b> Consumers understand that manufacturers are responsible in this period so they go to manufacturers to sort and problem out during guarantee period; they just come to us if they have lost a receipt or something. However, after the guarantee we can care and deal with the problem. We also sell used or upgraded product which we offer warranty with them, in this case consumers come to our business in processing after-sales.</p>
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**Table 31: The impact of culture on the creation of relationship between retail firms and consumers**

As can be seen in table 31, that culture has a strong impact on the creation of relationships between retail firms and consumers in both emerging and established markets. In the Egyptian market, interviewed retailers reported that consumers are convincing that retailers are responsible for after-sales. However in the UK market all interviewed retailers reported, that consumers are aware of the process of after-sales within the supply chain.

The outcome data agree with the findings of Malhotra et al (2005) and Leonard et al (2009) that people in established markets focus on non-personal contact whereas people in emerging markets emphasis on personal communication. The data interpretation in the Egyptian market agree with the findings of Hofstede (1980) who pointed out that "in collectivist societies the emphasis is placed on belonging to organization that are generally regards as a source of expertise, order, duty and security in the society".

#### **5.2.5.2 The impact of culture on the creation of relationship between retailers and suppliers**

This theme has two sub-categories namely, the impact of organisational culture on the creation of relationship in supply side of ASSC and the impact of cultural differences on the creation of relationships in international context. The interpretation about these sub-categories will be explained in more detail in the following part.

<b>Interviews in Egypt</b>	<b>Interviews in the UK</b>
<p><b>Retailer 1</b> Egyptian representatives do not care about long-term relationship with retailers, they care about short-term profitability. Some representatives are not responsive about after-sales.</p> <p><b>Retailer 2</b> People in service centres belong to representatives do not process after-sales properly; they do not care about relationships with retailers and consumers.</p> <p><b>Retailer 3</b> A majority of representatives do not process after-sales properly. Most Egyptian suppliers aim fast profit rather than creating long-term relationship with retailers. Egyptian market lack regulations that ensure rights and responsibilities of every participant of the supply chain</p> <p><b>Retailer 4</b> ASSC related to the whole culture of society including consumers themselves. The</p>	<p><b>Retailer 1</b> Relationship with our suppliers is highly cooperative; we have many wholesale suppliers of spare parts such as CCTF and DAD, they provide us with spare parts whenever we demand so that we process after-sales components.</p> <p>Consumers come to my business just in case they purchase reconditioned appliances, because we cover after-sales during specific warranted period.</p> <p><b>Retailer 2</b> Relationship with suppliers is very important because suppliers would help use to provide after-sales and meet consumer demand in term of after-sales. Therefore, we do not let any supplier down we keep good relationship with all suppliers.</p> <p><b>Retailer 3</b></p>



<p>misconception of the supply chain by participants led to a lack of relationships amongst actors of the supply chain and led to the misuse of the supply chain itself. When we order product from our suppliers they send it with invoice but sometimes they send extra items to be distributed as they have stock of such items... I have to do so because refund product takes long and wearisome process/procedure.</p> <p><b>Retailer 5</b> Majority suppliers just care about appliances' selling and profits they get in short term, suppliers do not care about long-term relationships.</p> <p><b>Retailer 6</b> A majority of retailers and a majority of suppliers do not recognise the importance of after-sales in creating of competitive advantage. In fact rules define and control relationships among actors of the supply chain.</p> <p><b>Retailer 7</b> The government must issue rules that relationships among participants of after-sales supply chain. I think Egyptian representatives do not have the culture of after-sales. Egyptian Suppliers drop retailers from processing after-sales to keep a certain margin of profit.</p> <p><b>Retailer 8</b> Culture of after-sales and culture of relationship is not recognised by Egyptian suppliers and retailers. Egyptian participants do not care about after-sales and do not use it as a tool for competitive advantage. Culture of profit prevails in Egypt rather than long-term relationships.</p>	<p>I think if a person does not have a good relationship with their suppliers they will not be in business for long. Generally contract between us and our suppliers of appliances and spare parts regulate the relationships with our suppliers.</p> <p><b>Retailer 4</b> I have good relationship with many suppliers of spare parts such as Connect distribution, provide us with spare parts sometimes they are available and sometimes we have to order them specially. We try to keep a good record with the supplier then they will help us to serve our consumers.</p> <p>There are regulations for consumer protection, if there is a problem between consumer and manufacturers. There is organisation that will take care of that. Contracts regulate the relationships between retailers and suppliers. Have you got any long-term relationship with your suppliers</p>
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**Table 32: The impact of culture on the creation of relationship between retailers and suppliers**

According to the table 32, the UK interviewed retailers acknowledged that contracts regulate the relationship between retailers and suppliers in terms of after-sales. The Relationship between interviewed retailers and suppliers was described as a cooperative relationship. However, in the Egyptian market participants of supply chain perceive the importance of after-sales differently. Interviewed retailers reported that some suppliers, representatives and retailers focus on short-term profit suppliers rather than long-term relationship. This situation seems to affect the creation of relationship between SME retail firms and suppliers and affect the formation of ASSC.



### 5.2.5.2.1 The impact of organisational culture on the creation of relationships between SME retail firms and suppliers

In this theme, the researcher will interpret the outcome data regarding the impact of organisational culture on the creation of upstream relationship of ASSC.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> Some retailers also do not take any positive action towards their consumers in case of any problem consumer's face. A majority of Egyptian representatives are not aware or do not care about retailers and consumer rights when purchasing products and associated after-sales. During the guarantee period the supplier refused to exchange item, I interfered by replacing it from my shop.</p> <p><b>Retailer 2</b> Some representatives, do not care about relationships with both retailers and consumers and they do not care about after-sales. Such suppliers unfortunately just care about selling the product and profit. The majority of retailers also are not aware of the role they can play in processing after-sales within the supply chain. I have power over my suppliers as they recognise that I will not distribute their appliances. If they do not respond to consumers demand in term of after-sales.</p> <p><b>Retailer 3</b> The priority of some representatives is profit rather than relationships with retailers. Therefore, representatives do not process after-sales in a proper way. In the Egyptian market not all retailers or suppliers are aware of the role of after-sales in creating a competitive advantage. The majority of retailers are not aware of the role they can play in processing after-sales within the supply chain. Usually I interfere between consumers and suppliers in processing after-sales.</p> <p><b>Retailer 4</b> Representatives who are employees of the international brands have the same prevailing culture in the Emerging markets, the culture of selling more products and getting faster profit. Such representatives do not care or are not aware of their responsibilities towards their consumers and are not aware or do not care about the consumers' rights in getting after-sales during guarantee period. As a retailer what I can do is to force suppliers to process after-sales that meet</p>	<p><b>Retailer 1</b> I have cooperative relationship with my suppliers in term of supplying spare parts and process of after-sales. I have many suppliers of spare parts they provide us with spare parts. Consumers have guarantee card, consumers connect their suppliers directly, but in case of reconditioning or after period they come to me.</p> <p><b>Retailer 2</b> We deal with suppliers nicely, our relationship based on trust we pay them on regular basis so that selling us whatever we want. Consumer contact directly with manufacturers during the guarantee period, when the guarantee period expired we will deal ant problems such as repairs, pare pars and so on.</p> <p><b>Retailer 3</b> I have relationship with my suppliers, this relationship based on trust and credibility. So credibility and payment on time are important between us and our suppliers. We sell brand new appliances come with manufacturers' guarantee so customers call them during guarantee period. We do damage stock which slightly marked and slightly used, we cover the warranty.</p> <p><b>Retailer 4</b> I have good credit history with my suppliers they in turn will help me to satisfy my consumers in term of processing after-sales. Some companies have terms and conditions; most companies will check your credit history and deal with you. Other has different terms and conditions. Manufactures are responsible for sorting any problem of after-sales out. After the guarantee we can care and deal with the problem.</p>

<p>consumer's demand during the guarantee period.</p> <p><b>Retailer 5</b>          Unfortunately a majority of Egyptian suppliers just care about appliances' selling and profit they get short term. During guarantee period if consumers struggle to get after-sales I can help them to get suitable after-sales.</p> <p><b>Retailer 6</b>          Egyptian suppliers and retailers are not aware of after-sales and its importance in creating competitive advantages; they normally care about profit rather than long-term relationship. A majority of consumers recourse to me to get after-sales during guarantee</p> <p><b>Retailer 7</b>          Suppliers who are Egyptian in fact drop retailers in processing after-sales because suppliers want to keep a certain margin of profit.</p> <p><b>Retailer 8</b>          Egyptian participants do not care about after-sales and do not use it as a tool for competitive advantage. Culture of profit prevails in the Egyptian market rather than long-term relationships. Such representatives do not respond quickly to consumers' expectation related to after-sales. They sometimes, disavow from processing after-sales. We interfere between consumers and suppliers when consumers complain about suppliers' response in term of after-sales...this depends on the power of our business over suppliers.</p>	
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Table 33: the impact of organisational cultural on the creation of relationships and processing after-sales

Differences in organisational culture in the Egyptian market seem to have negative effect on the creation of relationship between retail firms and suppliers and therefore affect the process of the after-sales within the ASSC. As interviewed retailers acknowledged that they use coercive and reward power over their suppliers so that they comply with consumer demands in term of after-sales. One of the interviewed retailers said " international brands have crevices' centres ...um...the Egyptian employees in such centres do not process after-sales...um ...the big disaster they do respond to consumers' calls ...off...that's why poor consumers come to us". On the other hand differences in organisation culture in the UK do not have negative impact on

the creation of relationships and processing after-sales services in the ASSC. According to the interviewed retailers, this refers to two reasons. Firstly, there are rules which regulate the relationship between retailers and suppliers. Secondly, both retailers and suppliers are aware of the process of after-sales within the supply chain. The interpretation of the outcome data in the UK disagree with Rodriguez et al (2006) who argued that difference of organisation culture has negative effect on inert-firm cooperation (Rodriguez et al, 2006) and agree with Bengelsdijk et al (2009) who argued that cultural differences between retailers and suppliers don't have negative impact on the creation of relationship. However the findings of Bengelsdijk et al (2009) contradict the outcome data in the Egyptian market and agree with Rodriguez et al (2006).

#### 5.2.5.2.2 The impact of cultural differences on the creation of relationships in international context

In this part, the researcher analysed data regarding the impact of cultural differences on the creation of upstream relationship of ASSC. The impact of cultural difference in the international context will be compared between the Egyptian and the UK market. The researcher also will develop an interpretive narrative regarding this theme.

Interviews in Egypt	Interviews in the UK
<p><b>Retailer 1</b> Generally, I recommend my consumers to buy LG products as I am pretty sure it is attentive, responsive and accessible in processing after-sales. The LG Company is the best supplier, they usually support us with updated information about their offers and they send engineers to explain how to install and use the products. They also give us small booklets that contain instructions about how to use products. I recommend my consumers to buy LG products as I am pretty sure it is attentive, responsive and accessible in processing after-sales.</p> <p><b>Retailer 2</b> Original suppliers who are foreign and international brands try to close the gaps between Egyptian culture and their culture. Some of them try to apply rules they use in their markets in Egyptian market and try to be closer to customers in Egypt.</p> <p><b>Retailer 3</b></p>	<p><b>Retailer 1</b> I deal with local suppliers all international and British suppliers are operating in the UK.</p> <p><b>Retailer 2</b> Beko is the 2nd bigger seller in the UK market right now but now we have to see the brand Beko then we get best prices.  We do not import product, spare parts and so on, because we got many international brand are operating in the UK, so we do not need to deal with extra cost and delaying time to get spare parts or product.</p> <p><b>Retailer 3</b> We do not deal with international suppliers, but we deal with wholesale suppliers who deal with international suppliers, for example, lot of Hotpoint washing machine are made in Poland, so a lot of these items</p>



Some international companies pay enough attention to customer relationships and retailer relationships, they send delegates from time to time to explore to what extent representatives process product delivery and delivery of after-sales for example, the LG Company has a good reputation in terms of after-sales. I distribute imported products from China and Turkey. Most of these products have many problems, if I keep dealing with such products I will lose my consumer in the future. Then I will not retain consumers long-term.

LG, has built a good reputation in the Egyptian market. LG have good market share although it has entered the market recently, since 5 years. Toshiba Company on the other hand, has been operated in Egypt for a long time, around 30 years. It has a good reputation but not as perfect as LG in terms of relationship and the process of after-sales. Toshiba does not select good representatives which will affect its market share long-term. LG and Samsung select good representative and both of them supervise representatives' actions in the Egyptian market. Chinese appliances do not have a good reputation in Egypt, China wanted to stay in the zone of Emerging markets, and Chinese companies do not meet the responsibilities towards their consumers in term of after-sales. Chinese companies also do not have the culture of after-sales, those companies care about profit rather than relationship.

#### **Retailer 4**

You know suppliers from established markets used to apply a formal relationship as rules and regulations control their relationship with participants of the supply chain. Such companies neither admit personal nor sentiments in their relationships. The nature of their societies, reflect that sentiments never interfere in businesses' interactions.

#### **Retailer 5**

Some foreign suppliers try to close the gap between both cultures. My supplier especially, tries to construct a good relationship with me as a distributor.

#### **Retailer 6**

We can select suppliers from different culture back ground as we can reduce the gaps using rules. These rules organise and control the relationship between us retailers and our suppliers.

#### **Retailer 7**

Apart from limited brands, a majority of the brands working in the Egyptian market do

do come from outside the UK. We sell boxed product all comes with manufacturers' warranty such as Beko, Hotpoint, whatever sell in the UK,

#### **Retailer 4**

Wholesalers and manufacturers, I have about 5/6 manufacturers like Baumatic, Hoover, Hoover, but I mainly buy from distributors and wholesalers as their appliances are cheaper than the manufacturers. They all exist in Britain.



dot process after-sales that meet consumers' requirements; I mean they do not select good representatives. I think Egyptian representatives do not have the culture of after-sales

**Retailer 8**

In fact some foreign suppliers always try to fill the gap between them and Egyptian actors. Well known foreign suppliers try to get closer to their customers within Egyptian markets including representatives, wholesale suppliers, national brands, retailers and consumers as well.

**Table 34: The impact of cultural differences on the creation of relationships and formation of ASSC**

As it can be seen in table 34 that in the Egyptian market culture difference in international context has direct impact on the creation of relationship between suppliers and retailers. In the Egyptian market for example some international brands from established markets have good reputation in processing after-sales and some brands from emerging markets do not process after-sales properly. Whereas, in the UK market differences between international brands and SME retail firms don't have negative influence on the process of after-sales.

Data findings in the Egyptian market agree with the findings of Voldnes et al (2012) who pointed out that "in international business the involved parties are usually embedded in different cultures, which in turn may influence both expectations and behaviour and thereby the satisfaction with business relationships". The culture backgrounds of international brands operate in the Egyptian market influence the creation of relationship with retailers. Same culture backgrounds also affect the process of after-sales within ASSC.

Therefore, data interpretation regarding this theme in the Egyptian market agree with Danisman' s findings (2010) who argued that societal culture of different international brands has stronger impact than organisational culture in term of processing after-sales and creation of relationship with retailers. However, the outcome of data in the UK fails to support the findings of Voldnes et al (2012). Data sources in the UK indicated that cultural differences between international brands and SME retail firms do not

influence the creation of relationship while processing after-sales within ASSC.

**5.2.5.3 The impact of culture on consumers' purchasing decision in term of after-sales services**

Researcher in this theme compares the impact of Egyptian culture and the UK culture regarding consumers' purchasing decision of after-sales.

Interviews on Egypt	Interviews in the UK
<p><b>Retailer 1</b> We recommend our consumers and give them information about responsive brands in processing after-sales</p> <p><b>Retailer 2</b> We recommend the consumer to purchase a specific product and warn them of purchasing from a specific supplier</p> <p><b>Retailer 3</b> I recommend my consumers to deal with shops that do maintenance and repairing and shops that sell spare parts.</p> <p><b>Retailer 4</b> In Egypt, the relationship between retailers and consumers is based on personal and social relationships; most of my consumers come to me by recommendation of their families and relative.</p> <p><b>Retailer 5</b> Relationship between retailers and consumers are widely personal and social relationships.</p> <p><b>Retailer 6</b> In Egypt the majority of people believe in personal contact with me. After-sales can be an essential element affecting consumers' purchasing decision.</p> <p><b>Retailer 7</b> Personal relationships are important, loyalty and trust between us and our consumers would help us to retain and satisfy them.</p> <p><b>Retailer 8</b> Relationship between retailers and consumers are personal in the first place.</p>	<p><b>Retailer 1</b> Obviously some consumers concern about period of warrantee I offer with reconditioned appliances, they ask how long our warrantee extend.</p> <p><b>Retailer 2</b> A majority of consumers have information from internet; some of them depend on retail firms in getting information about product and after-sales. Some consumers come personally to our business to compare appliances features and prices.</p> <p><b>Retailer 3</b> Consumers usually sit at home and search for offers from different retailers they can order just by pressing button.</p> <p><b>Retailer 4</b> Consumers check prices of appliances and when they come to our business. In fact a majority of our consumers know exactly what they want to buy when they come. You know a majority of consumers use the internet they have all available information about all brands. Very rare consumers ask for our help.</p>

**Table 35: The impact of culture on consumers' purchasing decision related to appliances and after-sales service**

Table 35 summarises the opinion of the interviewees about the impact of consumer's culture on the purchasing decision related to appliances and after-sales. In the Egyptian market consumers' purchasing decisions were affected by families, relatives, and were influenced by retailers in terms of appliances and associated to after-sales services. However, in the UK

market, according to interviewed retailers a majority of their consumers get information from the internet.

The outcome of data from the Egyptian market agrees with Hofstede (1980), Malhotra et al (2005) and Donoghue et al (2011) who argued that people in the collectivist societies put more emphasis on belonging to organizations or service providers and trust more in personal information obtained from friends, family and retailers. The situation in the UK is different as the data show that non-store retailing in the UK reached £39,122.3 million in 2013 and it is expected to rise to £46,424.5 million. Value growth of non-store retailing will reach 25.3 percent in 2017 whereas store-based retailing will reach 3.7 percent in 2017 (Euromonitor International, 2013).

### **5.3 Analysis of the Observations**

Observations are different and depending on the researcher's degree of participation in the scene. In the observation, the researcher can be inside or outside that scene. In this context Mack et al (2005) argued that in the observation the researcher remains "outsider" and just observe the behaviour or event being studied. Whereas, in participant observation the researcher takes part in the activity while she/he observing.

In this study the researcher has adopted a passive participation while conducting the observations. The researcher was present at each observation session, but was not participating at all in the scene. The researcher was observing retailers and consumers actions and was recording the field notes.

In a field notebook the researcher recorded actions of retailers, consumers and suppliers. These actions include behaviours, actions, interactions, expressions and other details. The researcher tried her best to record all details and observations to make the story of the observations. The researcher also ensured to record all details instantly and discreetly so that important details will not be forgotten after the observations' sessions.



In order to separate interpretation from observation, the researcher recorded all details objectively by avoiding reporting of the researcher's interpretations while observing people in the scene. After each session of observation the researcher expanded notes into rich descriptions. This required transformation of raw material into a narrative and elaborating the initial observations.

The outcome data from the observations was expanded manually and later on typed into a word processing program (computer files). In this study the researcher used the same process that was used in the interviews. This process includes coding, categorisation and identifying themes. Furthermore, researcher has used same categorising scheme that was used for interviews. The following section summarises data analysis of participant observations in both markets.

### 5.3.1 Elements are related to the demand chain

Responses to the demand chain and related issues were coded and collected at the beginning of this analysis. The demand chain has different issues which will be summarise in the tables below.

#### 5.3.1.1 *Perceived nature of relationship between retailers and consumers*

In this theme the researcher observed how retailers and consumer perceive the relationships in demand side of ASSC. The researcher also compared the perception of downstream relationship of ASSC between the Egyptian and the UK markets.

Participant Observations on Egypt	Participant Observation on the UK
<p><b>Retailer 1</b> The retailer and observed consumers had warm conversations before purchasing .The retailer keeps using customer’s nicknames, offered place to sit, offered drinks or tea and used warm words. Retailers contacted suppliers to sort some problem of after-sales during the guarantee period.</p> <p><b>Retailer 2</b> Employees used some compliments when speaking with their consumers: “as you want” “at your services” were all yours” “your excellency”. The retailer responded to consumers’ requirements by interfering to process after-sales by calling service centres belonging to suppliers. Some</p>	<p><b>Retailer 1</b> All observed consumers phoned the retailer to get after-sales with used or reconditioned appliances. All actions of after-sales were processed by engineers during the warranty period given by the retailer with used or marked appliances. Some actions of after-sales were done to old consumers (landlords).</p> <p><b>Retailer 2</b> All observed consumers called to get after-sales with reconditioned appliances. Engineers were receiving</p>



<p>action of replacing appliances from retail firms have been observed during the observations.</p> <p>An old lady came in with her daughter. As soon as she entered, she reminded the chief executive about her previous commence to his business; she said "do you remember me, I came last month and I bought many appliances for my son's house before his marriage". He responded "welcome, at your service"</p> <p>Next to enter the store was a young man and a young lady, they were engaged and they wanted to buy some appliances for their flat. The chief executive recognised her; she seemed to be his relative. He welcomed her and her fiancée and told her he would help her in choosing good products and offer her a discount as well.</p>	<p>all calls related to after-sales and they called suppliers to get some spare parts</p>
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**Table 36: Perceived nature of relationship between retail firms and consumers**

According to the table 36, the Egyptian market data from observed retailers and consumers indicates that the relationship between retailers and consumers were totally personal. Most of the observed consumers for example, reminded retailers of previous interaction between them in the past. Some consumers told retailers that they came by recommendation of the retailers' relatives or families.

Retailers in Egypt used warm conversation, warm words and consumers' nicknames. The majority of the observed consumers in the Egyptian market wanted the retailers to interfere between suppliers and consumers in processing after-sales. Consumers in the Egyptian markets emphasis on place themselves on belonging to retailers. This may be because consumers in the Egyptian culture consider retailers as a source of expertise, security and duty.

On the other hand, in the UK the relationships between observed retail firms and consumers were formal. Consumers in the UK use non-personal contact in processing after-sales. The majority of the observed retailers have long-term relationships mainly with letting companies and to land lords. All observed consumers use land-line phones in contacting their retailers regarding to the maintenance or repair within the warrantee period given by retailers with reconditioned or used appliances. Unlike Egyptian market, the

researcher did not observe any consumer come to the retailer to sort any problem of after-sales during the guarantee period given by suppliers.

### 5.3.1.2 Pattern of communication between retail firms and consumers

This theme is based on the observations regarding pattern of communication method in demand side. The researcher will compare the method of communication retailers adopted within downstream relationship of ASSC in both markets.

Participant observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> Retailer used a registration book to register the incoming and outgoing products. Personal contact with in-store staff was the main method this retail firm focused on. Retailers focus on in and out-store displays. All observed consumers came personally to ask retailer's help in getting required after-sales. Some consumers came to retailer asking him to interfere in processing after-sales.</p> <p><b>Retailer 2</b> Used and focused on in store displays. The majority of observed consumers were attracted by the LG display mainly. The majority of observed consumers came personally to purchase the appliances and to obtain information about them and about the after-sales services. Phone connection is the second method used between consumers and retailers. The first and main method is personal contact. Many consumers came to retail firm asking him to interfere in processing after-sales.</p>	<p><b>Retailer 1</b> Generally consumers who wanted to purchase appliances came in personally, whereas after-sales were processed through the phone because the retailer has a recording book to book after-sales maintenance jobs that needed to be done by the engineer. All the observed after-sales requests were booked by phone from the consumers. Retailers use sale promotion such as discount in case of purchase quantity of appliances.</p> <p>Retail firm displays poster in store and small posters and cards to be distributed to consumers. Furthermore, retail firms display brand new brands and reconditioning and upgraded appliances in the department of used products. Observed process of after-sales was done through land-line telephone.</p> <p><b>Retailer 2</b> All observed actions of after-sales were done by engineers after receiving phone calls from consumers. In both departments of the firm, land line phones were constantly in use, engineers were called by many consumers that had problems with their appliances or consumers that wanted to buy used appliances (commercial and personal). Retailer uses some sale promotion for example with some appliances retail offer free small appliances, pack of washing up sachets or pack of sterilised tablets.</p> <p>Retail firm place the contact details, address and images of their appliances on their vehicles to promote their firm. In store retail firm displays their details on large posters including images of appliances. All appliances have printed posters promote appliances and details of retail firm.</p>

Table 37: pattern of communication between retailers and consumers

As can be seen in table 37 the majority of the observed consumers in the Egyptian market came personally to retail firms when they face problem of processing after-sales. Consumers insisted the retailers to interfere in the process of after-sales. Some consumers for example used affecting expressions and emotions so that they convince retailers to interfere in processing after-sales.

Very limited consumers contacted retailers over land line phones. However in the UK market, all observed actions of after-sales were done after phone calls from consumers. Generally, land-line phone is the main and important method of communication between small-medium retail firms and consumers in term of after-sales during the warrantee period.

### **5.3.1.3 Role retail firms play in constructing demand chain of after-sales**

This theme illustrates the role SME retail firms play in the creation of competitive advantage in term of processing after-sales within ASSC. Furthermore, the theme compares the role SME retail firms play in the creation of after-sales within ASSC in the Egyptian and the UK market.

Observation in Egypt	Observations in the UK
<p><b>Retailer 1</b> Some observed consumers came to the retail firm to sort out problems of after-sales, because they could not access them, others came to complain about the supplier's actions regarding after-sales services. Some actions of interference between suppliers and consumers were observed. In some observed cases the retailer replaced appliances from his shop and then told the suppliers about his actions. The retailer gave consumers information by phone and in store about the available brands and their quality of after-sales. The retailer also provided consumers with spare parts at suitable prices.</p> <p><b>Retailer 2</b> Employees were co-appearing to serve consumers during the observation session. The assistant of chief executive used the internet to update information about the inventory after each order and sale of a product. Executive and Executive assistant are major sources of information for consumers and staff. Some actions of interference between suppliers and consumers in terms of after-sales have been</p>	<p><b>Retailer 1</b> In the department of repair centre, there are two engineers that are responsible for working there. Engineers carry out the after-sales work after receiving the consumers' phone calls. Engineers have ordered some spare parts from their suppliers. One of the engineers did some maintenance and repairs during the observation session. The Engineer quickly responded to the consumer's requirements in regarding after-sales. The majority of observed after-sales were carried out on appliances belonging to old land lords. The landlords call in to get their appliances repaired in their rented properties. The engineers have a recording book to arrange their time.</p> <p><b>Retailer 2</b> During the observation session, the engineer went out to the consumers' addresses and checked their appliance problems. The engineer in some case ordered spare parts and in other cases used recycled spare parts. In some cases the engineer processed after-sales on the same day or by the next day at the very most. One of the engineers was specifically responsible for</p>



observed in this retail firm. The Retailer provided some consumers with some wanted spare parts; they seemed cheaper than parts in the service centres.	going to the consumer's houses whereas the other was responsible for mending and repairing products and helping out with selling used products.
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**Table 38: Role small-medium retail firms play in constructing demand chain**

Although observed Egyptian retailers did not process after-sales, a majority of them interfered between suppliers and consumers to sort out problems related to after-sales or to speed up the process of after-sales as it can be seen in table 38. Observed Retailers also helped consumers to get spare parts as cheap as possible. The situation in the UK was totally different because observed SME retail firms in the UK already have their ASSC. All observed actions of after-sales services were processed at the same time and maximum next day. Engineers ordered spare parts from their suppliers and sometimes use recycled spare parts to be able to respond to consumer demands of after-sales. In both markets SME retail firms use available resources in creating long-term relationship with consumers so that they satisfy all segments of consumer. SME retail firms create relationships and form supply chain of after-sales that suits societal culture in each market.

**5.3.1.4 Awareness of the importance of after-sales and its impact on creation of relationship between retailers and consumers**

In this part the researcher summarised the related data regarding awareness of the importance of after-sales and the impact of this awareness on the creation of downstream relationship within ASSC. The researcher will compare the importance of this awareness between the Egyptian and the UK market.

<b>Observations in Egypt</b>	<b>Observations in the UK</b>
<p><b>Retailer 1</b> The majority of consumers of this retailer have low incomes; they came to the firm and focused on the price and availability of spare parts. Most of the observed consumers did not ask about after-sales and some of them came and complained about the poor accessibility to service centres or about little/no response from the people in those centres. Consumers insisted that the retailer should interfere in the process of after – sales, one consumer said “I just know you”.</p> <p><b>Retailer 2</b></p>	<p><b>Retailer 1</b> During the whole observation period no consumers came to the retail firm to purchase a brand new product. All observed consumers called the retailer to get after-sales during the warrantee period or after the expiration of the guarantee period. Some observed consumers were land lords, who seemed to be old and regular customers and whom had long-term relationships with the retailer.</p> <p><b>Retailer 2</b></p>



<p>This retail firm is one of the most popular firms in Alexandria; the retailer distributes expensive and branded products such as LG, Toshiba and Samsung. The consumers of this firm have high-income salaries and most of them were working women. The majority of observed consumers were well educated and they focused on after-sales. However, some observed consumers came to the retailer for different cases of after-sales, those consumers insisted on the retailer to interfere in processing after-sales and he did.</p>	<p>All observed consumers called the retailer to get after-sales after the expiration of the guarantee period or during the warrantee period given by the retailer with used appliances. Only one observed consumer came in to reissue a receipt as he had lost the original one. The majority of observed consumers were land lords and letting companies whom have long-term relationships with the retailers.</p>
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**Table 39: Awareness of after-sales and its impact on creation of relationship between retailers and suppliers**

As can be seen in table 39, that in the Egyptian market all observed consumers came to the retailers to get after-sales. A majority of observed consumers insisted on retailers to interfere in processing after-sales and in all observed cases retailers did. This may refers to cultural issue as consumers convinced that retailers are responsible for any problem of after-sales because retailers receive the money of appliances. Consumers in this market feel that retailers are source of security.

Consumers and retailers in the UK market have different concepts of after-sales within the supply chain. The majority of consumers are aware of the importance of after-sales especially with used or upgraded appliances. All observed consumers called in to get after-sales during the warrantee period given by retailers with marked or upgraded appliances. This situation allowed SME retail firms to build good and long-term relationships with consumers by providing them accessible and responsive after-sales with upgraded and used appliances. They have built a good relationship specifically with land-lords and letting companies. At the same time they have built good and long term relationships with suppliers so that they can respond to consumers' demands in term of after-sales.

### **5.3.2 Elements are related to supply chain**

The following data analysis of participant observation summarises the elements that are related to the supply chain.

**5.3.2.1 Perceived nature of relationship between retail firms and suppliers**

In this theme the researcher will interpret the nature of relationship within supply side of ASSC. The searcher also will compare relationships between retailers and suppliers in the Egyptian and the UK markets.

Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> During the observation period, retailers ordered products from an Egyptian brand called universal and Olympic Electric by phone, they sent the products on the same day and they received their payment. After the products were delivered, the retailers served the people who brought the products with tea, coffee and cold drinks; they also had a warm conversation. One agent came from one supplier to retailer to show their offers they got.</p> <p><b>Retailer 2</b> Around four product deliveries were done during the observation period. Retailer gave the payment after the products were delivered. Product orders were done by phone. A warm conversation happened between the retailer and the people that delivered the product.</p>	<p><b>Retailer 1</b> Retailer carried out many calls with whole sales suppliers of spare parts to get spare parts for processing after-sales to some consumers. Spare parts were delivered quickly on the same day or by the next day at maximum. The majority of suppliers of both appliances and spare parts seemed to have an account with the retailer. Therefore, all orders were delivered quickly to the retailer.</p> <p><b>Retailer 2</b> One Engineer was responsible for processing after-sales; he called different suppliers to get spare parts. These parts were delivered on the same day and some were delivered the next day. Some suppliers have an account with the retailer and some took cheques after delivering the products or spare parts.</p>

**Table 40: Perceived nature of relationship between retailers and suppliers**

Table 40 shows that in the Egyptian market the interactions between retail firms and their suppliers were personal. When suppliers deliver appliances, retailers offered tea, coffee and drink to them, sometimes they had a talk in different subjects. Observed suppliers (international and national brands) have come to observed retailers to promote their offers, to bring instructions related to appliances or even when supplier want to explore retailers or consumers complaints.

However, in the UK the interactions between retail firms and suppliers were formal. Observed retail firms used land-line phones when ordering spare parts and making payments. A specific time has been appointed to deliver appliances, spare parts. Regular methods of payments have been arranged between retailers and suppliers.

**5.3.2.2 Patterns of communication between retailers and suppliers**

The researcher in this theme will explain patterns of communication adopted within supply side of ASSC. Furthermore, based on outcome data from the observation the researcher will compare adopted method of communication within supply side of ASSC.

Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> The majority of communications done during the observations were through telephone and personal interactions. Personal contact was done during appliances delivery and payments. There were some agents came to retail firm to promote offers of appliances and associated after-sales, they brought samples, catalogues and booklets and images of products.</p> <p><b>Retailer 2</b> During the whole period of observation, the retail firm connected with its suppliers mainly via land line and mobile phone. Many agents came to retail firms to promote their offers.</p>	<p><b>Retailer 1</b> Some retailer was using the internet to explore offers from different suppliers. During the observation session land line phones were the main method of communication between the retailer and suppliers. The engineer was using the phone constantly to communicate with suppliers of spare parts.</p> <p><b>Retailer 2</b> There was a special landline in the department of maintenance in this firm so that the engineers can contact suppliers of spare parts. In both departments of the firm, land line phones were constantly in use.</p>

Table 41: Patterns of communication between retail firms and suppliers

As can be seen in table 41, in the Egyptian market, the communication between the observed retailers and suppliers was done through the phone and personal contact. Personal contact was performed when suppliers delivered appliances, promoting their offers. Furthermore, observed suppliers sent their delegates to promote offers In the Egyptian market, IT and Internet is not used currently. In the UK market, however, although observed retailers have used the internet in exploring suppliers' offers, phones remained the main method of communication between retailers and their suppliers.

**5.3.2.3 Elements determines the relationship between retail firms and suppliers**

In this part the researcher will interpret data from observation regarding the elements that determine the relationship between retailers and suppliers. The researcher also will compare the determinants of upstream relationship within ASSC between the Egyptian and the UK markets.



Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> The retailer contacted suppliers at different times and threatened them that he will not deal with them in the future if they do not help his consumers. The retailer said “why do you put a contact number if you do not answer”. He also said “I am trying to sort the problems all the time; you are responsible for processing after-sales not I”. In many cases retailer interfered in processing after-sales by forcing suppliers to deal in these cases.</p> <p><b>Retailer 2</b> Two cases came to the retailer and asked him to intervene between them and the supplier because of bad response of suppliers and their service centres. The retailer spoke to the supplier to sort the problem out. In one case he replaced appliance from his business and tell supplier about his action.</p>	<p><b>Retailer 1</b> Retailer called different suppliers of appliances and suppliers of spare parts, after each order the suppliers checked the retailer's account and then sent the ordered products. One supplier called the retailer and told him about a good offer of a stock product, the retailer accepted this offer. The majority of observed orders of spare parts were delivered very quickly to the retailers.</p> <p><b>Retailer 2</b> After many calls from the consumers to the retailer, the retailer ordered different types of appliances from supplier. Just he rang supplier and gave him business' name, supplier confirmed retailer for delivery of appliances after couple of days, suppliers did not ask any information of payment as retailer seem has account with this supplier. During the observation session, the majority of suppliers of both appliances and spare parts had old relationships with the retail firm; the retailer had an account with them.</p>

Table 42: Elements determines the relationship between retailers and suppliers

As can be seen in table 42, in the UK trust and credibility were important determinants of the relationship between observed retail firms and suppliers. However, In the Egyptian market, the observed retailers used their power over their suppliers in terms of after-sales. A majority of observed consumers requested their retailers to support them in accessing service centres of suppliers because their numbers provided on the guarantee card did not respond or details were changed. Some observed actions have been taken by retailers such as replacement of faulty appliances. Suppliers did not object such actions.

### 5.3.3 Elements drive formation of after-sales services supply chain

Elements that drive the formation of the after-sales supply chain have two sub-divisions. They are Macroeconomic and competition change. Tables 43 and 44 summarise results of the observations.

#### 5.3.3.1 Macroeconomic change

This theme will summarise data interpretation regarding the impact of macroeconomic change on the creation of relationship and formation of ASSC in the Egyptian and the UK market in the context of appliances industry.



Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> All observed consumers focused on the prices and they asked about the availability of spare parts. The majority of observed consumers tried to get discounts on the appliance's prices. Most of the observed consumers came in groups with friends or family members and they took a long time to decide on the products before purchasing them. Plenty of consumer</p> <p><b>Retailer 2</b> The majority of observed consumers that came to this business were mid-high income consumers; they focused on value-for-money such as the quality and features of the appliances. All the Consumers came in with family members and took their time to decide on purchasing the appliances. Many consumers came in but ended up not buying anything.</p> <p>However, plenty of consumers came, wandered around shop, explored available products, they took a long time in exploring and getting information from employees without buying anything. Many of consumers asked for discount while they pay.</p>	<p><b>Retailer 1</b> There were plenty of consumers that came to the business but almost all of them did not buy any appliances, they looked around and explored the available appliances and asked about the prices and guarantee periods of marked or damaged appliances but didn't buy anything.</p> <p><b>Retailer 2</b> During the observation period there weren't many consumers visiting the firm. On the first day of the participant observation for example, within the first four hours there wasn't a single consumer. Some observed consumers came in, took a long time asking about the prices and comparing both used and brand new appliances and went without purchasing anything. Many consumers especially young couples of men and women came looked around and left without buying appliances.</p>

**Table 43: Macroeconomic and its impact on construction of after-sales services supply chain**

In the UK, although the after-sales supply chain exists, the macroeconomic factor has an impact on the demand of appliances and after-sales. The observations in the UK took place during the economic recession and credit crunch, this affected consumers demands as consumers were price sensitive at that time. Plenty of observed consumers came, looked around, got information about prices and guarantee periods of used and brand new appliances but did not buy anything. Furthermore, some observed consumers made a comparison between brand new and used appliances before taking the purchasing decision.

Macroeconomic factor also has affected the demand of appliances and associated after-sales in the Egyptian market. The observations took place during the Egyptian revolution, the Egyptian market was affected by the Egyptian revolution, the market was unstable, and the demand was so limited. Consumers came to purchase specific and fundamental items. Most of the

observed consumers focused on price as a priority and getting discount. Some observed consumers focused on multi-featured appliances and value-for-money. A majority of observed consumers came to get cheap spare parts.

### 5.3.3.2 The Change of competition

Table 44 and this theme will summarise the outcome data of observations regarding the impact of competition on the creating of relationship and formation of ASSC in both markets.

Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> Observed consumers in this retail firm focused mainly on the pricing and only a limited number of them asked about after-sales. The majority of consumers argued about the price and asked for a discount on the payment. Many consumers came to see the products and did not buy anything. Two observed consumers said “some supermarkets offer discounts and instalments, why you don’t do?” This retail firm has built good relationships and has dealt positively with consumers who were complaining about suppliers’ processes of after-sales. This retail firm tried to satisfy the consumers that came to the business because a consumer is a method of promotion as it provides word-of-mouth advertising.</p> <p><b>Retailer 2</b> Many of the observed consumers took purchasing decisions with family members and it took long conversations and discussions. Consumers came to purchase what they really need. Although the observed consumers focused on value for money, they compared prices of different brands.</p>	<p><b>Retailer 1</b> The retailer is located in an area full of other retailers including big retailers such as Curry’s and Comet. The majority of observed consumers had already got information about the prices of appliances. Some of them argued that they found cheaper appliances on the internet. Other consumers argued that they got better offers at comet during Christmas time.</p> <p><b>Retailer 2</b> During the observation session, one consumer was talking to his friend, he seemed to be a retailer, and after a long conversation he bought a washing machine. Some observed consumers argued that there were some cheaper appliances on the internet.</p>

Table 44: The Change Competition

In Egypt, the competition has become strong because there are many suppliers both international and national brands. Furthermore, supermarkets sell appliances and offer instalments and discounts to consumers at the local market. In order to create competitive advantage over big retailers, SME retail firms focus on building long and strong relationships with consumers.

SME retail firms therefore, used their power over supplier to comply to consumer demand regarding after-sales. Furthermore, firms SME retail firms select suppliers who have a good reputation in processing after-sales. On the other hand, in the UK market SME retail firms who have their ASSC and relationships amongst participants are determined by cooperation and trust. The majority of observed consumers had enough information about prices and after-sales because they use the internet.

### 5.3.4 Elements obstruct the formation of after-sales services supply chain

Tables 45 and 46 summarises the result of participant observations related to the elements obstructing the formation of the after-sales supply chain.

#### 5.3.4.1 Resistance to change

In this theme the researcher interpret data regarding elements that make people to resist change towards adopting relationships and formation of ASSC in the Egyptian and the UK.

Observation in Egypt	Observations in the UK
<p><b>Retailer 1</b> The majority of observed consumers came to the retail firm seeking help with getting in contact with a service centre as the numbers provided on the guarantee card was inaccessible. Other observed consumers complained about bad and unresponsive actions of suppliers regarding after-sales. Many phone calls have been made between the retailer and the suppliers to sort the problem out. In one case the retailer replaced an appliance from his shop and the supplier paid its cost.</p> <p><b>Retailer 2</b> Some observed consumers asked the retailer to help replace the appliances without paying extra money during the guarantee period. Retailers responded to consumers' requirement related to after-sales.</p>	<p><b>Retailer 1</b> Not observed.</p> <p><b>Retailer 2</b> Not observed.</p>

Table 45: Resistance to change

In the Egyptian market during the observation some consumers came to retailers when they faced problem of after-sales or inaccessibility to suppliers. Although observed retailers tried to convince consumers that retailers are not



responsible for after-sales, consumers insisted on interfering retailers in processing after-sales during the guarantee period.

Observed retailers reported that a majority of suppliers and their services centres did not respond to consumers' requirements in terms of after-sales and it was hard to get suppliers through the phone or to get their addresses. This fact indicates that some suppliers and some consumers resist regulated relationships and resist process of after-sales within ASSC. Accordingly, in order to satisfy consumers the retailers keep using their power over suppliers in processing after-sales that meet consumer's demand.

Whereas in the UK ASSC already exist, SME retail firms create their own ASSC. Within this ASSC, SME retail firms manage their relationship with their suppliers so that they respond to consumers demand in term of after-sales as quick as they can. Downstream and upstream relationships are defined and regulated. The researcher did not observe usage of power between retailers and suppliers in the UK. All participants were aware of the process of after-sales. Researcher did not observe any action of resistance towards applying after-sales within formal supply chain.

#### 5.3.4.2 Technology factor

This theme will describe that to what extend technology factor obstruct the creation of relationship amongst actors of ASSC and how this factor obstruct formation of ASSC in both markets.

Observations in Egypt	Observations in the UK
<p><b>Retailer 1</b> Retailer does not use the Internet to communicate with consumers/ suppliers or to promote their offers. During the observation session the main method of interaction was personal interaction between retailer and consumers and suppliers.</p> <p><b>Retailer 2</b> Observed retailer used the Internet to update the inventory throughout branches, internet also used to update information related to international brands he deal with. Internet was not used to communicate with consumers. in-store displays is only method of promotion.</p>	<p><b>Retailer 1</b> IT and internet does not obstruct the formation of after-sales supply chain, because the after-sales supply chain exists in this firm. However, IT and Internet has an impact on creating competitive advantage.</p> <p><b>Retailer 2</b> Observed retailer did not use internet to contact or explore offers of different suppliers. They also did not use IT (internet) to contact with their consumers. They did not use IT to promote their appliances and services either. They use line-line phones (voice-to-voice) contact mode.</p>

Table 46: Technology factor



As can be seen in above table (46) although IT represents a method of competition in the UK market however the technology factor does not obstruct the formation of the supply chain because the supply chain of after-sales already exists. In general, in the UK some SME retail firms do not use IT (internet) while process after-sales or to promote their offers. Communication methods between participants of after-sales supply chain were done mainly through land-line phones.

However, the situation in the Egyptian market was totally different because observed retail firms in the Egypt mainly, used personal interaction with consumers and suppliers. The majority of observed consumers came to the retail firms to purchase appliances or to sort out problems of after-sales services. Some observed suppliers came when delivering appliances and when they received payments. SME retail firms also used in-store display to promote their offers. Suppliers also used personal contact when they promote their offers through their delegations. Therefore, it can be concluded that IT technology was not used in the Egyptian market and some participants resist using IT as a method of communication.

**5.3.5 The impact of culture on the creation of relationship and formation of supply chain**

The impacts of culture on the creation of relationships between retailers and suppliers were summarises in tables 47, 48 and 49 below.

**5.3.5.1 The impact of culture on the creation of relationship between retail firms and consumers**

In this theme the researcher compare the Egyptian and the UK cultures in term of the impact of these cultures on the creation of downstream relationships.

Observation in Egypt	Observation in the UK
<p><b>Retailer 1</b> An observed lady came to the retail firm to return an oven she bought two months ago. After a long argument the retailer swapped it from his shop and the supplier held its cost, as he informed the supplier about his action. One consumer came to</p>	<p><b>Retailer 1</b> During the whole period of the observation, which was around twenty hours, I did not come across any consumer that wanted the retailer to interfere in term of after-sales with suppliers. I also did not come across any consumers that had a manufacturer's</p>

<p>this retail, she wanted to repair a fridge still under the guarantee period, and she could not access the service centres that belong to the suppliers. The retailer spoke to his supplier and sorted this problem out. Another consumer came in, he had tried many times to contact the supplier through the contact number given but could not reach them. The retailer gave his consumer the service centre's number and contacted the suppliers and asked them to help that consumer.</p> <p><b>Retailer 2</b></p> <p>One old lady came to this retailer and she asked him to help her exchange her fridge from the suppliers, because the supplier asked for an extra amount of money for the exchange. The retailer interfered and helped her to replace it without any extra payments.</p>	<p>guarantee. All the observed consumers phoned the engineer to sort out problems of after-sales during the warranty period given by the retailer with upgraded or reconditioned appliances. Most of the observed consumers were land lords that phoned the retailer to get appliances repaired or maintained.</p> <p><b>Retailer 2</b></p> <p>The majority of consumers phoned the engineer to get after-sales with reconditioned or used appliances; the retailer is responsible for maintaining these appliances during the warranty period. One consumer came in during the guarantee period just to reissue a receipt which he had lost. All actions of after-sales were performed between the retailer and consumers who bought used appliances or reconditioned appliances.</p>
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**Table 47: The impact of culture on creation of relationship between retailers and consumers**

Table 47 indicates that, in the Egyptian market majority of observed consumers came to retailers' instead of going to suppliers or service centres that belonging to suppliers. Observed retailers helped consumers to get suitable after-sales from suppliers. Observed retailers in many observed cases used their power over their suppliers in sorting problems of after-sales out.

However, in the UK, the situation was totally different, as both retailers and consumers were aware of the nature of relationships among participants of the supply chain. During observation sessions, the researcher did not come across any consumers who wanted the retailer to interfere in terms of after-sales with suppliers, except one consumer who came to replace a purchasing receipt that he lost. This may reflect the type of relationships between retailers and suppliers. Furthermore, rules regulate and define rights and responsibilities of both parties.

### **5.3.5.2 The impact of culture on the creation of relationship between retailers and suppliers**

In this theme the researcher interpret the outcome of observations regarding the impact of culture on the creation of relationship between retailers and

suppliers. Based on the observations data, the researcher compared the impact of each culture on the creation of upstream relationships within ASSC.

Observation in Egypt	Observation in the UK
<p><b>Retailer 1</b> During the observation session, the retailer used his power over his suppliers to get them to sort out problems which the consumers faced during the guarantee period in terms of after-sales.</p> <p><b>Retailer 2</b> Generally the retailer sometimes used his power over the suppliers especially that this retail firm is one of the most important retailers and suppliers in Alexandria. During the observation session retailers interfered and helped many consumers to replace appliances without any extra payments. One case of replacing appliance from retailers' business has been observed and supplier has been told about this action. Two agents of international suppliers came to retail firms, one agent from LG company came with interpret and had conversation with retailers and asked some consumers about their concerns. The other was agent of Toshiba company.</p>	<p><b>Retailer 1</b> During the observation session all the repairs that the retailer did depended on spare parts which he ordered from the supplier, these parts were delivered very hasty from the supplier. The retailer has a good relationship with his suppliers. Whenever the retailer ordered spare parts the suppliers delivered them as fast as they could. The relationship between the retailer and suppliers was a cooperative one based on trust and credibility.</p> <p><b>Retailer 2</b> During the observation period, the retailer ordered some spare parts that were needed by an engineer to process the after-sales. The suppliers delivered these parts on the same day or the following day. Almost all of these suppliers seemed to have a regular account with the retailer as they did not ask anything about the payment.</p>

Table 48: The impact of culture on the creation of relationship between retailers and suppliers

Above table 48 shows that, in the Egyptian market observed retailers sometimes use their power over their suppliers because suppliers did not meet their responsibilities towards consumers in processing after-sales. Suppliers in most observed cases accepted actions that were taken by retailers in terms of after-sales such as replacing products. This because in the Egyptian culture lack rules that regulate relationships between retailers and suppliers cause using less regulate power by retailers. Using less regulate power force supplier to comply with retailers and consumers demand of after-sales.

In the UK market, observed retailers have cooperative relationships with their suppliers. These relationships are based on trust and credibility in terms of payment and delivery. In the UK society more regulate power was used between retailers and suppliers. This may refer to using rules and regulations that define responsibilities and rights of both retailers and suppliers.



**5.3.5.3 The impact of culture on consumer's purchasing decision**

Based on data from the observations the researcher compared the impact of the Egyptian culture and the UK culture on consumers' purchasing decision regarding after-sales.

Observation in Egypt	Observations in the UK
<p><b>Retailer 1</b> The majority of observed consumers came in as families; their priorities were price and availability of spare parts. Some observed consumers came on recommendation of their friends and relatives. Observed consumers trusted and relied on the retailers from previous experience. The retailer gave enough information about the products and suppliers related to after-sales, for example the retailer said "I want your own good, buy from an Egyptian brand and you will be on the safe side but if you want the Chinese fridge it's up to you".</p> <p><b>Retailer 2</b> Although there were two model washing machine engines in a glass box to show the advantages of the developed engine in terms of noise level, speed, vibration, saving electricity power, and cost of maintenance, very limited consumer noticed it nor did any consumer ask about how to dispose the unwanted appliances. Some observed consumers expressed that the retailer was trustworthy and reliable, one consumer said "what do you think" and another consumer said "I took your recommendations before and it was very useful". Social relationship is an important element in taking purchasing decision. One observed consumer said "I have been recommended to come to your business by my family".</p>	<p><b>Retailer 1</b> One consumer came in with his friend whom seemed to have experience about washing machines; he investigated the washing machine's tubes, door and rear. The Consumer finally bought it. Another consumer came to the firm; he was talking to someone on the mobile phone while purchasing a fridge, his friend on the other side of the phone was a retailer as well. Most of the observed consumers had information about the products they wanted to buy.</p> <p><b>Retailer 2</b> The consumer compared the prices of used products and the period of guarantee on brand new products, he decided to buy a used product as the retailer offered him one year warranty. The majority of consumers knew exactly what they wanted and they had information about the products' prices and quality beforehand. Some of them gained their awareness of prices of some brands through visiting various internet sites.</p>

**Table 49: The impact of culture on consumer's purchasing decision**

As can be seen in the table 49 that in the Egyptian market consumers were affected by families, relatives and friends. Observed consumers in the Egypt rely more on retailers and they were the main source of information related to after-sales and appliances. Furthermore, observed consumer in Egypt did not care about issues that related to environment such as saving electric power and cost of maintenance presented in the model displayed in-store.

In the UK market, the observed majority of observed consumers got information from the Internet and they had an idea about prices and after-sales. Consumers in the UK knew exactly what appliances they wanted and



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interpreted value of money through appliances' functionality. Observed consumers also brought their friends and called experienced friends during the purchasing of products.

## **5.4 Conclusion**

In this chapter the researcher explained the method and steps of analysing, categories and codes the outcome data of this study. First part of this chapter was focused on analysing the interviews that conducted in the Egyptian and the UK markets. Second part of this chapter focused on the analysis of participant observations which were conducted in Egypt and the UK. The research used same categories and themes when analysing interviews and observations. In summary the researcher explored data by comparing and contrast of each theme of data.

The researcher tried to develop an interpretive narrative while she was analysing the data. The aim of using this approach is to provide the reader with micro-picture of each theme of data. In general, data analysing indicated that SME retail firms used after-sales differently in term of the creation of competitive advantage. Data analysis indicated that this refers to difference of cultural factors in both markets. However, SME retail firms in both market focused on the creation of relationship with consumers. SME retail firms in both market created relationships and form ASSC that suit societal culture in each market. In the following chapter the researcher will display an interpretation of the data and discuss the evidence of the themes that were extracted from the data.

## **Chapter Six**

### ***Interpretation and Discussion of Evidence***

#### **6.1 Introduction**

This chapter is devoted to discuss the results of data analysing that were presented in the previous chapter. In this chapter the researcher aims to provide a logical interpretation of the evidence that emerged as an outcome of the data analysis. Cross-referenced table (50) has been created to provide a summary of the evidence from multiple resources. Cross-referencing table of evidence contains twelve issues covering different themes of ASSC.

The summary of evidence will help readers to extract evidences from multiple resources. Furthermore, table of cross-referencing of evidence would help the reader to compare the impact of culture on the creation of relationships and formation of ASSC between the Egyptian market and the UK market. This table includes three sources of evidence: interviews, participant observations and evidence from the reviewed literature.

The interpretation and discussions include the issues that were categorised in chapter five. The results of these categories have been discussed in this chapter and translated into twelve key issues that are shown in cross-referencing table (50). Furthermore, in this chapter the researcher summarised the most important implications in term of the creation of competitive advantage through after-sales services within supply chain. In this chapter the researcher also summarised the impact of societal culture on the creation of relationships within ASSC in term of communication methods in both Egyptian and the UK markets. Most of the issues were explored by using three sources of evidence.

## 6.2 Cross-referencing of the Evidence

The key findings of the study are summarised in table 50 allowing comparison between evidence relating to each of 12 key issues. These twelve areas then are discussed in the following sections.

<b>Table 50: Cross-referencing of the Evidence</b>					
<b>Main Issue</b>	<b>Evidence from Interviews</b>		<b>Evidence from Participant Observations</b>		<b>Evidence from the Literature</b>
	<b>Evidence from emerging markets (Egyptian market)</b>	<b>Evidence from established markets (UK market)</b>	<b>Evidence from emerging markets (Egyptian market)</b>	<b>Evidence from established markets (UK market)</b>	
<b>1 - Perceived nature of relationship between SME retail firms and consumers</b>	All interviewed retailers in the Egyptian market perceived themselves to have personal relationship with consumers. See table 16 (chapter 5).	A majority of interviewed retailers in the UK perceived themselves to have formal and personal relationship with consumers. See table 16 (chapter 5).	Observed relationship between SME retail firms and their consumers was person, usually based on face-to-face interaction. See table 32 (chapter 5).	The relationship between retailers and consumers was non-personal usually done through land line phones. See table 32 (chapter 5).	Malhotra et al (2005) pointed out "non-personal contact is relatively more important in developed countries, whereas personal contact is relatively more important in establishing accessibility in developing countries". According to Leonard et al (2009): "individuals in individualistic societies are more likely to consider less personal communication". See (chapter 2).
<b>2 - Pattern of communication in processing after-sales between SMEs and consumers</b>	Consumers in Egyptian market rely on personal interaction in processing after-sales (face-to-face contact mode of after-sales service).	In the UK voice-to-voice contact mode of after-sales service is used in processing after-sales between retailers and consumers, see table 17 (chapter 5).	The main method of communication between retailers and consumers was personal contact (face-to-face). See table 33 (chapter 5).	Communication between retailers and consumers were done through land line phones during the process of after-sales service (voice-to voice contact mode of after-	Leonard et al (2009) argued "people in individualist societies emphasis on less personal communication". According to Hofstede (1991): "a perception distance between powerful and less influential people is expected and preferred high power distance societies".



	See table 17 (chapter 5).			sales). See table 33 (chapter 5).	Birgelen et al (2009) pointed out that "perceived quality of technology-based after-sales service contact mode will contribute strongly to overall customer satisfaction in high power distance culture". See (chapter 2).
<b>3-Perceived nature of relationship between SMEs and suppliers</b>	Some retailers in the Egyptian market perceive themselves to have personal relationships with their suppliers, see table 20 (chapter 5).	A majority of interviewed retailers perceived themselves to have formal relationships with their suppliers. See table 20 (chapter 5).	The relationships between retailers and suppliers were based on personal interaction in term of payment and promotion of their offers. Retailers offered drinks, tea and they had conversation with their suppliers. See table 36 (chapter 5).	The interactions between retailers and suppliers in term of after-sales were formal and these actions done through phone such as demand spare parts, payment and order of appliances. See table 36 (chapter 5).	Malhotra et al (2005) argued "in developed countries non-personal contact is relatively more important". Danisman (2010) said "in collectivist societies societal-based patterns of understandings and meaning systems gathered around status, hierarchy and emotion-based (personalized) relations". See (chapter 2).
<b>4- cultural variable that determine relationship between SMEs and consumers</b>	Consumers go to retailers in case they struggle to get required after-sales from the suppliers. Consumers also rely on retailers in gaining information regarding appliances and associated after-sales. See table 19 (chapter 5).	Consumers contact supplier in guarantee period given with brand new appliance. Consumers contact their retailers in case of after-sales of reconditioned, upgraded or extended warranty. See table 19 (chapter 5).	A majority of observed consumers came to retailers when they face any problem of appliances in guarantee period (that given by suppliers). See table 27 (chapter 5).	Observed consumers phoned retailers in case of after-sales regarding reconditioned, upgraded or extended warranty. Researcher did not come across any consumer that came to retailers during guarantee period. See table 43 (chapter 5).	Hofstede (1980) indicated that "in collectivist societies people emphasis is placed on belonging to organisations that are regards as a source of expertise, duty and security". According to Hofstede (1980, 1991): "a given society's norm for individualism versus collectivism will strongly affect the nature of relationship between people in the organisation to which they belong". Gothan and Erasmus (2008) argued that "customers in emerging markets rely more on salespeople. See (chapter 2).
<b>5- impact of organisation culture on the</b>	Cultural difference between SME retail firms and suppliers	Differences in organisation culture have not negative	Retailers use power over their suppliers in case of suppliers	Differences in organisation culture have not any negative	Bengelsdijk et al (2009) pointed out "differences in organisational culture are larger in less successful inter-firm



<p><b>creation of relationship between SMEs and suppliers</b></p>	<p>have strong impact on the creation of relationship and affect the process of after-sales. See table 29 (chapter 5).</p>	<p>impact on the creation of relationships and processing after-sales within ASSC. See table 29 (chapter 5).</p>	<p>do not meet consumers' requirements regarding after-sales. See table 38 and 43 (chapter 5).</p>	<p>impact on the process of after-sales within ASSC. See table 38 and 43 (chapter 5).</p>	<p>relationships, but did not influence the perceived relationship success significantly". According to Gronroos (1990): "in service context it is important to establish cooperate culture which enhances appreciation for service and customer orientation".</p>
<p><b>6- pattern of communication between SMEs and suppliers in processing after-sales</b></p>	<p>Personal contact land-line telephone is the main communication methods used between retailers and suppliers in processing after-sales. See table 21 (chapter 5).</p>	<p>Non-personal contact (telephone) is the main method of contact between retailers and suppliers in processing after-sales. See table 21 (chapter 5).</p>	<p>Main method of communication while processing after-sales between retailers and suppliers was through land line phones. See table 37 (chapter 5).</p>	<p>Main method use between retailers and suppliers during processing after-sales was land line phones. See table 37 (chapter 5).</p>	<p>Malhotra et al (2005) pointed out "non-personal contact likes electronic and telephone is relatively more important in developed countries". According to Leonard et al (2009): "in collectivist societies people focus on two way communication and more personal communication". See chapter 2</p>
<p><b>7- impact of national culture on adoption of promotion method between SMEs and consumers</b></p>	<p>IT technology (email and internet and e-marketing) is not used as a method of promotion between retail firms and consumers. Main method of promotion used by SME retail firms is word-of-mouth and news papers. See table 17 (chapter 5).</p>	<p>SME retail firms do not use IT as a promotion method between retail firms and consumers. Consumers in the UK use internet to explore available offers in market. See table 24 (chapter 5). The main promotion method used by SME retail firms in the UK is word-of-mouth, newspapers and radio. See table 17 (chapter 5).</p>	<p>SME retail firms focus on in-store displays and out-store displays. See table 32 and 33 (chapter 5). In-store staff is very important element that influence customer's purchase decision. They are source of information regarding appliances and associated after-</p>	<p>SME retail firms integrate personal and non-personal communication channels such as posters, vehicles with the logo and images of retailers, sale promotion. See table 33 (chapter 4).</p>	<p>Hofstede (1980) pointed out "in collectivist societies the emphasis is placed on belonging to organizations that are generally regarded as source of expertise, order, duty and security". According to Malhotra et al (2005): "in developing countries with large power distance, customers with little self-confidence are more depending on the service providers for assurance". Donoghue et al (2011) pointed out "an external search of product information may involve various information source of information such as personal information obtained from friends, family and sales people or impersonal information acquired from printed and electronic media or the</p>

	<p>Consumers rely on retailers and employees to obtain information regarding product and associated after-sales. See table 18 (chapter 5).</p>	<p>Land-line phones are main methods of promotion used between retail firms and suppliers. Internet also is another method suppliers use to promote their offers. See table 21 (chapter 5).</p>	<p>Main method of promotion used between retailers and suppliers is personal communication through agents and delegates. See table 37 (chapter 5).</p>	<p>Internet and land-line phones are main method sued in promoting suppliers offers. See table 37 (chapter 5).</p>	<p>internet". Leonard et al (2009) indicated "in individualistic societies people are more likely to consider less personal communication media". According to Euromonitor International (2012): "non-store retailing of home appliances including internet retailing and direct selling is not used in the Egyptian market. See (chapter 2 and chapter 4).</p>
<p><b>8- impact of culture on the adoption of promotion method between SMEs and suppliers</b></p>	<p>Main method of promotion used between retailers and suppliers is personal contact through delegates and agents. See table 21 (chapter 5).</p>	<p>Land-line phones are main methods of promotion used between retail firms and suppliers. Internet also is another method suppliers use to promote their offers. See table 21 (chapter 5).</p>	<p>Main method of promotion used between retailers and suppliers is personal communication through agents and delegates. See table 37 (chapter 5).</p>	<p>Internet and land-line phones are main method sued in promoting suppliers offers. See table 37 (chapter 5).</p>	<p>Birgelen et al (2002) pointed out that "customers in individualistic culture seem to be more innovative minded and less bothered by the physical absence of service providers". According to Leonard et al (2009): "a distinct difference in communication between individualistic and collectivistic cultures is the relative emphasis on task versus relationship orientation". Cooper (1994) argued "nature of social context determine the adoption of IT in communication".  Danisman (2010) argued that in collectivistic culture "societal patterns of understandings and meaning systems gathered around emotion- based relations"</p>
<p><b>9- impact of cultural differences on the creation of relationships between SMEs and international suppliers</b></p>	<p>Culture background and original culture of different international brands has direct and strong impact on the creation of relationships and processing after-</p>	<p>Culture differences between international suppliers do not influences the creation of relationship and processing after-sales within ASSC. See table 30 (chapter 5).</p>	<p>Cultural differences between international brands and retailers have not negative influence on the creation of relationships and processing after-</p>	<p>Not observed</p>	<p>Voldnes et al (2012) pointed out "in international business the involved parties are usually embedded in different cultures, which in turn may influence both expectations and behaviour and thereby the satisfaction with business relationships".  Danisman (2010) argued that "managerial decisions toward a professionally running organizational design are difficult to</p>



<p><b>10- the impact of societal culture on the creation of relationships between SMEs and suppliers</b></p>	<p>sales. See table 30 (chapter 5).</p>	<p>Coercive power determines the relationship between SME retail firms and suppliers in processing after-sales services. See table 22 and 28 (chapter 5).</p>	<p>Cooperation and trust are determinants of the relationship between SME retail firms and suppliers in processing after-sales in both guarantee period and extended warranty. There are regulations and contract governance the relationships between retailers and suppliers. See table 22 and 28 (chapter 5).</p>	<p>Power is the main element that determines the relationships between SME retail firms and suppliers. See table 38 (chapter 5).</p>	<p>implement due to societal-based patterns of understandings and meanings gathered around emotion-based relations".</p> <p>Cagliano et al (2011) argued "high-power distance societies tend to use more coercive and reward whereas low-power distance societies use more legitimate power". Zhao et al (2008) and Flynn et al (2008) pointed out "reward and coercive are popular in emerging markets".</p>
<p><b>11- Elements that drive the formation of ASSC: Macroeconomic Change of competition</b></p>	<p><b>Macroeconomic factor</b> Economic and political conditions, condition of estate sector and unemployment rate are elements influence customer demand and drive the construction of ASSC. In Egyptian market in order to create competitive advantage SME retail firms keep using power over their suppliers regarding after-</p>	<p>ASSC is already exist in the UK, customer demand of home appliances is influenced by economic crisis, number of dwellings completed. Furthermore, regulations regarding home appliances industry affect the creation of competitive advantage for SME retail firms. SME retail firms respond to consumer demand quicker than big retailers in term of processing after-sales.</p>	<p>SME retail firms try to create competitive advantage by keeping use of their coercive or reward power over their suppliers to meet consumer requirements in term of after-sales. Furthermore, SME retail firms provide consumers with information regarding appliances, associated after-sales and responsive</p>	<p>SME retail firms in the UK use after-sales services as a method of creating competitive advantage over other big suppliers. They have many suppliers of spare parts and use recycled spare parts. See table 34, 38 and 39 (chapter 5).</p> <p><b>Change of Competition</b></p> <p>SME retail firms have cooperative</p>	<p>Porter (1990, 1998) argued the creation of competitive advantage is contingent on local market condition, nature of demand and nature of competition. Bennett and Smith (2002) pointed out that "obtaining competitive advantage from developing trading relationship with other region or countries beyond their own locality".</p> <p>According to report from Euromonitor International (2012): "the January revolution had a negative effect on the area of consumption in the country...unstable political conditions in the market affected consumers' willingness to make purchases". Report from Euromonitor International (2011) indicated that "major appliances were particularly affected by the economic crisis, big ticket items are more vulnerable</p>

	<p>sales. See tables 18, 22 and 23 (chapter 5).</p> <p><b>Change of Competition</b></p> <p>SME retail firms in Egyptian market focus on building close and personal relationships with consumers. SME focus on meeting consumers' needs regarding the process of after-sales by using power over suppliers to force them to comply with consumers, requirement regarding after-sales. See table 18 and 24 (chapter 5).</p>	<p>See tables 18, 22 and 23 (chapter 5).</p> <p><b>Change of Competition</b></p> <p>SME retail firms have their small ASSC; they focus on consumers demand and respond to consumers demand quicker than big brands do. See table 18 and 24 (chapter 5).</p>	<p>suppliers. See tables 34, 38 and 39 (chapter 5).</p> <p><b>Change of Competition</b></p> <p>SME retail firms have close relationships with their consumers being responsive in term of processing after-sales. See tables 32, 34 and 38 (chapter 5).</p>	<p>relationships with suppliers of spare parts, and have close relationships with consumers. They have ASSC that help them to respond to consumers demand regarding after-sales. See tables 32, 34 and 38 (chapter 5).</p>	<p>to macroeconomic changes... a strong relationship between GDP performance and volume sales of major appliances exist, as well as with other exogenous variable such as inflation, unemployment, savings ratios, consumer lending and number of dwellings completed in a given year".</p> <p><b>Change of Competition</b></p> <p>According to Euromonitor International (2012): "the Egyptian distribution system is currently experienced huge developments, the modernisation of retail channel started with wholesalers beginning to encroach into the territory of small and specialised retailers...hyper markets with their chains started to target different income classes of population...hypermarkets use different promotional activities such as price discount, special offers, quantity discounts and instalments".</p> <p>Zontanos and Anderson (2004) pointed out "a small firm's marketing advantage in contrast to large firm is precisely close relationships between the entrepreneur and customers". Jardine (2008) argued "even in time of economic slowdown, there are advantages of being small. One is meeting customers' needs in more personal way then can be achieved by a big cooperation".</p>
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<p><b>12- Elements that obstruct the formation of ASSC</b></p> <p><b>Resistance to change</b></p> <p><b>Technology factor</b></p>	<p><b>Resistance to change</b></p> <p>In Egyptian market almost of participants resist the formation of ASSC. See tables 19, 27 and 29 (chapter 5).</p> <p><b>Technology factor</b></p> <p>IT (internet, email and bit-to-bit contact mode of after-sales) does not obstruct the formation of ASSC in the Egyptian market. IT is not used in processing of after-sales or as promotion method. See tables 17, 21, 24 and 26 (chapter 4).</p>	<p><b>Resistance to change</b></p> <p>ASSC already exist in the UK. See table 23 and 25 (chapter5).</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of ASSC but it represents main challenge SME retail firms face in creating competitive advantage in the UK. See tables 17, 21, 24 and 26 (chapter 4).</p>	<p><b>Resistance to change</b></p> <p>Consumers resist the formation of ASSC as they came to retailers in case of processing after-sales instead of contact suppliers. Suppliers also resist the formation of ASSC as observed retailers used power over suppliers to pressure them to comply with consumers' requirement regarding after-sales. See tables 41, 43 and 44 (chapter 4).</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of supply chain, almost of consumers came personally to retailers to sort problem of after-sales out and in case of gaining</p>	<p><b>Resistance to change</b></p> <p>Not observed</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of ASSC but it affects creating competitive advantage for SME retail firms in the UK. See tables 33, 34, 37 and 42 (chapter 5).</p> <p><b>Technology factor</b></p> <p>Cooper 1994) pointed out "culture and social context affect change towards the adoption of IT communication". De Kervenoael et al (2006) argued that "consumer resistance to the adoption of the new channel should be addressed not only from a technological perspective but from the social aspects of online shopping"</p> <p>Danisman (2010) argued "culture shapes resistance to change and the recognition that culture of organisation are embedded in a broader societal culture". Jansson (2007) also argued "in high avoidance</p>
<p><b>12- Elements that obstruct the formation of ASSC</b></p> <p><b>Resistance to change</b></p> <p><b>Technology factor</b></p>	<p><b>Resistance to change</b></p> <p>ASSC already exist in the UK. See table 23 and 25 (chapter5).</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of ASSC but it represents main challenge SME retail firms face in creating competitive advantage in the UK. See tables 17, 21, 24 and 26 (chapter 4).</p>	<p><b>Resistance to change</b></p> <p>Consumers resist the formation of ASSC as they came to retailers in case of processing after-sales instead of contact suppliers. Suppliers also resist the formation of ASSC as observed retailers used power over suppliers to pressure them to comply with consumers' requirement regarding after-sales. See tables 41, 43 and 44 (chapter 4).</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of supply chain, almost of consumers came personally to retailers to sort problem of after-sales out and in case of gaining</p>	<p><b>Resistance to change</b></p> <p>Not observed</p> <p><b>Technology factor</b></p> <p>IT does not obstruct the formation of ASSC but it affects creating competitive advantage for SME retail firms in the UK. See tables 33, 34, 37 and 42 (chapter 5).</p> <p><b>Technology factor</b></p> <p>Cooper 1994) pointed out "culture and social context affect change towards the adoption of IT communication". De Kervenoael et al (2006) argued that "consumer resistance to the adoption of the new channel should be addressed not only from a technological perspective but from the social aspects of online shopping"</p> <p>Danisman (2010) argued "culture shapes resistance to change and the recognition that culture of organisation are embedded in a broader societal culture". Jansson (2007) also argued "in high avoidance</p>	

		<p>information regarding products, offers and associated after-sales. IT does not affect the creation of competitive advantage in the Egyptian market. See tables 33, 34, 37 and 42 (chapter 4).</p>	<p>cultures people value the network relationships than using IT when they communicate".</p> <p>Leonard et al (2009) indicated that "in high power distance culture focus on symbols and cues showing statuses and respect during communication".</p> <p>Birgelen et al (2002) pointed out that "customers in individualistic culture seem to be more innovative minded and less bothered by the physical absence of service providers". Hofstede (1980) pointed out that "in collectivist societies the emphasis is placed on belonging to organization that are generally regards as a source of expertise, order, duty and security in the society".</p> <p>Kotler et al (1999) argued that "buyers of home appliances affected by personal influence and their purchase decision go beyond mass-media source to seek the opinions of knowledgeable people".</p> <p>Euromonitor International (2013) reported that non-store retailing in the UK reached £39,122.3 million in 2013 and it is expected to rise to £46,424.5 million.</p> <p>Value growth of non-store retailing will reach 25.3 percent in 2017 whereas store-based retailing will reach 3.7 percent in 2017. Same resources (2012) reported that in the Egyptian market store-based retailing reached 100 percent whereas non-store retailing is not used in the Egyptian market.</p>
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Table 50: Cross-referencing of evidence

## 6.3 Demand Side (Downstream Relationship)

Demand side or downstream relationships refer to the relationship between SME retail firms and consumers. Downstream relationships represent one of the two main parts of ASSC. Debate in literature, in the context of after-sales service supply chain, suggested some important elements. They are customer relationship management, demand management, services delivery management and information flow and communication (Ellram et al, 2004). In demand side of ASSC retail firms have direct relationships with consumers. These relationships involve communication between SME retail firms and consumers. Communication method in demand side includes contact mode of after-sales and promotion methods SME retail firms use.

### 6.3.1 Communication Method in Demand Side

Within the ASSC, the process of demand chain requires developing product-service options, evaluation of value delivery options and value of services of customer relationship management (Walters & Rainbird, 2004). From this perspective, in order to create customer value, SME retail firms need to be customer focused (Walters & Rainbird, 2004) and to be service-oriented (Homburg et al, 2002) while processing components of after-sales with consideration of cost efficiency of these services (Hilletoft, 2011).

It has been argued in literature that the infusion of information technology has made great progression in bridging time and distance in processing after-sales (Leonard et al, 2009). IT therefore, has offered opportunity of creating competitive advantage and cooperation between demand and supply side (Mentzer & Gundlach, 2010). Using IT has also led to centralise information and shorter lead times (Fiala, 2004). Furthermore, the information technology has reinforced the connectedness and mitigates the dysfunction conflicts in the process of after-sales (Cheng, 2011).

However, given the cultural differences that often exist between emerging and established markets, it was arguable whether consumers use information technology or resist IT in contact modes of after-sales (Birgelen et al, 2002). More recently Leonard et al (2009) have argued that specific cultural context and communication

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processes are influenced by unique normative beliefs, assumption and shared symbols.

Such cultural and social differences between emerging and established markets define the contact mode of after-sales services between retail firms and consumers because communication practices and communicative behaviour is dependent on culture in which consumers have been raised (Leonard et al,2009). Based on a review of the literature, there are two key aspects of relationship satisfaction.

Firstly, economic satisfaction has a direct relationship with performance aspects such as profit and turnover. Secondly, social aspect of satisfaction related to the indirect performance aspects (Beugelsdijk et al, 2009). In order to explain relationships between social aspects and relationship performance in demand side of ASSC, the researcher presented the position discussion of the role of broad societal culture in social exchange theory, with special reference to communication methods between retail firms and their consumers.

#### **6.3.1.1 The Impact of Culture on Adoption of After-sales Contact Mode**

Based on framework of Hofstede (1980) there are some culture dimensions explain communication methods. Cultural dimensions include individualism versus collectivism, high-power distance versus low-power distance and high-uncertainty avoidance cultures versus low-uncertainty avoidance. The communication methods in the form of contact modes of after-sales will be explored through these cultural dimensions within both Egyptian and the British markets.

First of all, the perceived nature of relationships between SME retail firms and consumers are differing in emerging and established markets. In this context, Malhotra et al (2005) and Leonard et al (2009) agreed that people in established markets focus on non-personal contacts whereas people in emerging markets emphasis on personal communication.

The finding of the data sources exhibited agreement with findings of the above researches. In the UK the relationships between retailers and their consumers were non-personal usually established through land line phones. In the Egyptian market



however, participants perceived themselves to have personal relationships with consumers.

Secondly, as it has been argued that consumers in the collectivist culture place more emphasis on high context communication and attribute meaning to context and consumers orientation. In this regard Leonard et al (2009) explained that people in collectivist societies prefer to use face-to-face communication because it carries symbols and cues. Furthermore, in emerging markets social patterns of understanding and meaning system normally gather around from personalisation relations (Danisman, 2010). More specifically, Birgelen et al (2002) pointed out that "perceived quality of technology-based after-sales service contact mode will contribute strongly to overall customer satisfaction in high power distance culture". They also found out that the technology-based society has positive impact of perceived after-sales services in individualist culture.

The finding of this research contradict Birgelen' argument in terms of using of technology-based after-sales service contact mode in the Egyptian market. The findings of the data sources show that in the Egyptian market consumers rely on the personal interactions and prefer to use face-to-face contact mode of after-sales.

The finding of the data sources exhibited agreement with findings of the Birgelen' findings in term of using technology while processing after-sales in the UK. In the UK retail firms are responsible for delivering after-sales with reconditioning or upgraded appliances. All observed consumers call their retailers (voice-to-voice contact model) in case of any problem they face. Consumers in the UK never come to their retailers in case of processing after-sales.

Leonard et al (2009) argued that in high power-distance cultures consumers focus on symbols and cues that show status and respect and therefore lack of such symbols and cues are considered to have negative effect on the adoption of IT in processing after-sales. Finding of this study and specifically the outcome from participant observation in Egyptian market, proved this argument. During the participant observations for example retailers used warm expressions and constantly call some consumers with their nicknames such as "Um Ali that means Ali's mum".

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However, in the UK market these cues and symbols were not observed and there were no evidence of their importance during the process of after-sales between retailers and consumers.

In general, culture represents the foundation of communication where communication practice and communication behaviour is affected largely by national culture (Leonard et al, 2009). Furthermore, culture shapes resistance to change (Danisman, 2010) towards adoption of IT in processing after-sales within supply chain.

As it has been argued in literature in collectivist societies the participants place more emphasis on personal communication and personal relationships (Leonard et al, 2009). The reliability of after-sales in emerging markets can be perceived through personal and high touch relationship (Malhotra et al, 2005). These arguments are very similar to the findings of this study. A majority of observed consumers in the Egyptian market came personally to their suppliers when they face any problem of after-sales.

#### **6.3.1.2 The Impact of Culture on Adoption of Promotion Method**

Hofstede (1980), Malhotra et al (2005), Gothan and Erasmus( 2008), Leonard et al (2009), Donoghue et al (2011) have agreed that unlike people in individualistic societies, people in collectivist societies rely on service providers. People in same societies also emphasise in two-way and more personal communication.

This is because the services providers (SME retail firms) are regarded as a source of expertise and security in the society (Hofstede, 1980). Consumers in these societies trust families and relatives as a source of information (Donoghue et al, 2011). The findings of data sources indicated that in the Egyptian market interpersonal and social relationships are an important element in processing after-sales. Some of the observed consumers reminded retailers about previous interactions or personal relationships.

Zantanos and Anderson (2004) also have argued that SME firms emphasis heavily on word-of-mouth marketing communication in order to develop the customer base

through recommendation. The authors argued that there are important aspects of marketing SME retail firms can use such as developing closer relations with consumers and keep them loyal and satisfied. The finding of this study confirmed this argument in the Egyptian market.

In the UK, same argument was evident, although SME retail firms and consumers in the UK market do not use face-to-face contact mode in term of processing after-sales. SME retail firms in the UK depend heavily on word-of-mouth communication method as one participant stated "As a business I have to deal with customers very carefully... Good service brings customer satisfaction and then you get good relationships and customers recommend us and they keep coming".

From the perspective of relationship marketing and in contrast of findings of Malhotra et al (2005) who says that "firms in developing countries keep their marketing edge and competitiveness merely by giving financial incentives such as price cuts and are at best in the first level of relationship marketing", the finding of this study indicated that SME in the Egyptian market emphasis on relationship marketing and understanding different segments of consumers in term of after-sales and promotion method.

Adopting relationship marketing regarding communication method represents an important element for managing advantage in competitive industry or market experience economic depression. One retailer for example said "because recently the market became weary and there is an economic depression, so I try to maintain my relationship with my consumers".

In literature, there are many arguments in term of cultural impact on adoption of IT as a promotion method. Leonard et al (2009) suggested that "in individualistic societies people are more likely to consider less personal communication media". According to Euromonitor International (2012) "non-store retailing of home appliances is not used in the Egyptian market". Furthermore, report from Euromonitor International (2013) indicated that non-store retailing in the UK has reached £39,122.3 million and it is expected to rise to £46,424.5 million. The value of non-store retailing in the UK



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is growing increasingly and the growth of non-store retailing in the UK will reach 25.3 percent whereas, store-based retailing will reach 3.7 percent in 2017.

The findings of this study indicated that IT is not used at all in the Egyptian market as a promotion method. The main method used in the Egyptian market is word-of-mouth and some retailers use newspapers. Furthermore, the outcomes from participant observation in the Egyptian market indicated that SME retail firms focus on in-store displays to promote and to advertise their appliances. In the UK market the finding contradicts Euromonitor report and contradicts Leonard's argument. Findings of data sources indicated that SME retail firms do not use IT as a promotion method. The main promotion method used in the UK market is word-of-mouth, newspapers, radio and in-store displays.

Generally the finding from this study indicated that SME retail firms in the Egyptian and Britain markets use similar promotion method. They integrate both personal and non-personal method of communication. SME retail firms in both markets focus on word-of-mouth promotion, in-store displays and radio advertising and newspapers. Using word-of-mouth communication in both markets is inexpensive. Word-of-mouth may be representing a useful method of promotion because personal influence has a great weight for expensive, risky and high visible products like home appliances (Kotler et al, 1999).

## **6.4 Supply Side (upstream Relationship)**

Supply side represents the second main element of ASSC. Supply side refers to the relationship between retailers and suppliers which form upstream relationship.

Within supply side or upstream relationship, SME retail firms cooperate with their suppliers so that retailers deliver after-sales and deliver spare parts to their consumers.

From reviewing the literature, there are various forms of inter-firms relationship within supply side such as arm's length relationship, cooperative agreements, collaboration, alliances (Ferrer et al, 2010) and integration (Sandberg, 2007). Each form of relationship reflects different level of sharing, power, interdependency (Ferrer et al,



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2010). Each form of relationship also explains the behavioural factors that influence firms' process of integration that encompass communication (Salam, 2011).

In fact debates from the literature suggested two elements that determine supplier-retailer relationship namely behaviouristic and physical contexts (Zahedirad & Shivaraj, 2011). Behaviouristic and physical actions are embedded by the organisational culture. Therefore, organisational culture and organisation behaviour determines and explains the relationship within supply chain (Gronroos, 1990; Beugelsdijk et al, 2008). According to Ferrer et al (2010) supply chain relationships involve social-psychological network. In other words, social and cultural variables influence the relationships between retail firms and suppliers. The impact of societal culture on the creation of relationships in supply side will be explained in two main elements. They are, power and resistance towards the adoption of different types of relationships and adoption of IT while process after-sales within the ASSC.

#### **6.4.1 The Impact of Organisational Culture on the Creation of Relationship**

A review of the relevant literature regarding organisational culture shows that difference of organisational culture has negative effect on inert-firm cooperation (Rodriguez et al, 2006). Moreover, Gronroos (1990) argued that "it is important to establish cooperative culture which enhances appreciation for service and customer orientation". However, more recently Bengelsdijk et al (2009) pointed out that "differences in organisational culture are larger in less successful inter-firm relationships but did not influence the perceived relationship success significantly".

The finding of this study indicated that in the Egyptian market, culture differences between SME retail firms and suppliers have strong impact on the creation of relationship and affect the process of after-sales negatively. Interviewed SME retail firms reported that there are three factors which affect the creation of relationship with suppliers. First of all, most Egyptian suppliers aim short-term profitability rather than building long-term relationships. Secondly, some retailers are not aware of the importance of relationships with other participants of ASSC or do not recognise the importance of after-sales in creating competitive advantage. Thirdly, appliances industry in the Egyptian market lacks regulations and rules that control relationships amongst actors of supply chain. The second reason specifically reflected that

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difference of organisation culture have strong impact on the creation of relationship between retailers and suppliers within ASSC.

In the UK, no finding supports for the negative relationship between differences of organisational culture and the success of retailer-supplier relationship while process after-sales. The explanation of this finding may refers to broad culture of the UK societies (individualistic) where people in such societies are service-oriented and customer-oriented. Furthermore, nature of network in the UK characterised as a competitive. Participants of supply chain in this market mostly adopt cooperative aspects of exchange (Fletcher & Fang, 2006).

Other reason may explain the non-effectiveness of differences of organisational culture in the UK which is the existence of regulations that control relationships between retail firms and their suppliers. Such regulations ensure participants rights and define participants' responsibilities.

#### **6.4.2 The Impact of Cultural Differences in the International Context**

Hofstede (1994) says that "the business of international business is culture". According to this argument it can be said that culture represents an important element in the creation of relationships and ASSC formation. In international context, since each participants of ASSC embedded in specific culture, each culture would influence the behaviour of participants. This will be reflected in the process of after-sales, the creation of relationships and the adoption of specific communication methods.

In the perspective of cultural differences in international relationship, Voldnes et al (2012) concluded that "in international business the involved parties are usually embedded in different cultures which may influence expectations and behaviour and thereby the satisfaction with business relationships". The finding of this study indicated that national culture background of international brands influence the creation of relationships with retailers. Same culture background also affects the process of after-sales within ASSC.

The findings of this study indicated that in the Egyptian market the International brands from established markets succeed to build good relationships with retailers and established good reputation in term of after-sales. These brands continuously supervise their service centres and communicate with SME retail firms. Generally, in the Egyptian market, a majority of international brands try to cope with cultural difference. These brands adapt their practices of after-sales to suit societal culture of Egyptian market in term of communication method. One interviewed retailer for example said "well known brands try to get closer to their consumers including retailers and consumers".

These findings agree with Danisman's findings (2010) who said "managerial decisions toward a professionally running organisational design are difficult to implement due to societal-based pattern of understanding and meanings". The findings of this study agreed with Danisman's findings who argued that societal culture of different international brands has stronger impact than organisational culture in terms of processing after-sales and creation of relationships with retailers.

The findings of data sources in the UK fail to support the findings of Voldnes et al (2012). Data sources in the UK indicated that cultural differences between international brands and SME retail firms do not influence the creation of relationships while processing after-sales within ASSC. Most of the interviewed retailers for example stated that they have good relationships with different international brands operating in the UK.

#### **6.4.3 The Impact of Societal Culture on the Creation of Relationships**

Based on the literature reviewed it has been argued that social and cultural variables would influence the creation of relationships in a specific market (Ferrer et al, 2010). First of all the societal culture would affect the relationship between retailers and suppliers. In this matter Malhotra et al (2005) argued "in developed countries non-personal contact is relatively more important". Furthermore, Danisman (2010) pointed out that "in collective societies societal-based patterns of understanding and meanings systems gathered around statues, hierarchy and personalised relations".



The findings of this study proved the argument of Danisman (2010). The finding of data sources indicated that in the Egyptian market, SME retail firms have personal relationships with their suppliers. Such personal relationships include methods of payment, product delivery and promotion offers. SME retail firms in the Egyptian market did not use any IT in terms of payment or promotion.

The situation in the UK is different, the findings of this study agree with findings of Malhotra et al (2005). Data sources of this study indicated that most retailers in the UK have formal relationships with their suppliers based on trust. Furthermore, suppliers normally send the exact amount of ordered products and spare parts. Payments for products and spare parts are usually carried out through IT and direct bank accounts.

#### **6.4.3.1 The Impact of Power on the Creation of Relationships**

In the literature it is evident that culture represents an important determinant for the adoption of relationships on the supply side of ASSC. Cagliano et al (2011) argued that "high-power distance societies tend to use more coercive and reward power whereas, low-distance societies use more legitimate power". Zhao et al (2008) and Flynn et al (2008) also pointed out "reward and coercive are popular in emerging markets". Hofstede et al (2002) pointed out that using power require less legitimisation in high power distance national culture".

The findings of this research are consistent with the findings of Cagliano et al (2011), Zhao et al (2008), Flynn et al (2008) and Hofstede (2002). The findings of this study indicated that coercive power is used in the Egyptian market. Retail firms interfered between consumers and suppliers by forcing suppliers to comply with consumers' requirement regarding after-sales. This is because the Egyptian market is characterised as a less legitimate market that lacks regulations. They control participants' relationships and ensure participants' rights and responsibilities.

The situation in the UK market is totally different, manufacturers or suppliers are responsible for after-sales. In this period retailers have no role in processing after-sales. In guarantee period, in case of any problem consumer face, they contact suppliers directly. According to regulations suppliers in this period are responsible



for processing after-sales. SME retail firms in the UK deliver after-sales after expiring of the guarantee period or with used appliances. SME retail firms have their ASSC; they have upstream and downstream relationships. Relationships amongst ASSC are controlled by regulations and rules that define rights and responsibilities of each party.

During the observation sessions in the UK, the researcher did not observe any consumer who asked retail firms to interfere in processing after-sales during the guarantee period. Furthermore, the researcher did not come across any consumer who struggled to contact their suppliers or manufacturers. All observed consumers in the UK, phoned retail firms to get their repaired or upgraded or reconditioned appliances.

#### **6.4.3.2 Resistance to Change towards the Adoption of Relationships**

From literature reviewed, it can be said that cultures of organizations follow the contour of societal culture (Hofstede, 1985; Trompenaars & Hampden-Turner, 1998). More recent Danisman (2010) argue that "cultures of organizations are embedded in a broader societal culture". Societal culture also shapes the resistance to change towards the adoption of relationships between retailers and suppliers in processing after-sales. On a similar vein, it has been argued that "habitus" represents an important driver for social transformation (king, 2000; Reay, 2004).

Foucault (1980) argued that the power and resistance implicate each other. More recent Thomas and Hardy (2011) argued that power and resistance constitute organisational change. Trompenaars and Woolliams (2003) explained that participants whether retail firms or suppliers are in dynamic intention between forces pushing for change and forces resistant to change.

The finding of data sources of this study agree with findings of Hofstede (1985); Trompenaars and Hampden-Turner (1998); Bourdieu (1984) and Danisman (2010). The findings of this research indicated that some participants in the Egyptian market resist the creation of relationships. Some retailers and a majority of suppliers for example aim for short-term profitability rather than building long-term relationships.

Furthermore, participants also do not recognise the importance of after-sales as a method of creating competitive advantage.

The findings of this research agree with arguments of Foucault (1980), Trompenaars and Woolliams (2003) and Thomas and Hardy (2011). These authors argued that there is dynamic intention between forces pushing for change and forces resistant to change. In other words, some participants of the supply side of ASSC prefer to use traditional practices and resist the change towards the creation of relationships.

In this case, in order to meet consumer demand in terms of after-sales SME retail firms in the Egyptian market use coercive power over their suppliers. However, it has been argued that the change of firms' practices require time and negotiation (King, 2000; Thomas & Hardy, 2011). Therefore the concept of practical theory, offers a possible alternative of social change. This change may require time to change the concept of after-sales and the create relationships within the supply chain. The findings of this study exhibited that after a period of time retailers and suppliers will change their practices of after-sales and they will adopt relationships within ASSC while processing after-sales. In this context, one interviewee said "I think after 15 years people culture will start to change and apply after-sales supply chain properly".

In the UK however, the findings of the study exhibited that both retail firms and their consumers recognise the importance of after-sales and the importance of relationship within ASSC. Retail firms and suppliers have cooperative relationships based on trust and credibility.

#### **6.4.3.3 Resistance to Change towards Adoption of IT in the Supply Side**

Cooper (1994) argued that "nature of social context determine the adoption of IT in communication". Danisman (2010) argued that "societal patterns of understanding and meanings systems gather around emotion-based relations".

Jansson (2007) argued that in high avoidance culture people value the network relationship than using IT when they communicate". De Kervenoael et al (2006) argued that "consumer resistance to the adoption of the new channel should be

addressed not from a technological perspective but from the social aspects of online shopping".

In the Egyptian market the findings of this study agree with the above arguments in terms of using IT as a method of communication between SME retail firms and suppliers. In the Egyptian market participants of the supply side use personal contact including payment, product delivery and promotion offers. Land lines telephone occupied the second method of communication used in the supply side at the same market.

These findings agree with the findings of De Kervenoael et al (2006) and Danisman (2010) who argued that social and cultural variables shape the resistance to the adoption of IT as a method of communication amongst participants of the supply chain. Same cultural and societal factors make participants in such collectivist societies prefer to use personal communication methods.

Leonard et al (2009) explained that in collectivist societies people prefer to use two-way and face-to-face communication. This is because in these societal cultures participants focus on symbols and cues showing cultural variables of relationships. The finding of this research exhibited that retailers in the Egyptian market use land lines to sort the problem of after-sales out or to speed up the processing of after-sales.

In the UK the main method of communication between SME retail firms is land-line telephone while they process after-sales and deliver spare parts. Payment of appliances and spare parts in the UK are usually proceeded by IT such as banking direct debit. In respect of the promotion method the findings of this study indicated that SME retail firms in both markets focused on word-of-mouth promotion, in-store displays, radio advertising and newspapers.

## 6.5 Elements that Drive the Formation of ASSC

Elements that drive the formation of ASSC are elements that necessitate SME firms to create relationships with participants of ASSC. These elements also represent an important motivation for the formation of ASSC in the home appliance industry in the Egyptian market. From the reviewed literature there are two elements that drive the formation of ASSC in the context of the home appliances industry, namely; macroeconomic and competition changes. In this respect Porter (1990, 1998) argued that the creation of competitive advantage is contingent on local market condition and demand condition in a specific industry.

A Report from Euromonitor International (2011) exhibited that "major appliances were particularly affected by macroeconomic changes...in this industry there is a strong relationship between GDP performance and volume of sales...an exogenous variables also affect the demand of home appliances such as, unemployment, consumer lending and number of dwellings completed in the given year".

Another report from Euromonitor International (2012) indicated that "the January revolution had a negative effect on the area of consumption in the country...unstable political condition in the Egyptian market affected consumer's willingness to purchase appliances". In a similar vein it has been argued that in a regulated market, participants of the supply side use legitimated power. This is because regulations control the relationships between participants. Whereas, in non-regulated markets, participants use reward and coercive power (Zhao et al, 2008; Flynn et al, 2008; Cagliano et al, 2001).

The findings of this study agree with Euromonitor international reports. This finding indicated that in the Egyptian market economic and political condition, condition of estate sector and unemployment rate are elements influencing the demand of appliances and associated after-sales. Consequently, these conditions drive the formation of incorrect ASSC. This is because the Egyptian market lacks regulation which control relationships in the supply side. In such situation, in order to create competitive advantage in terms of after-sales SME retail firms use coercive power over suppliers.



In the UK market the finding of this study exhibited that ASSC already exists. However, the finding of data sources indicated that macroeconomic factors affect the demand of appliances and associated after-sales. The existence of regulations in the UK market facilitates building co-operative relationships between SME retailers and suppliers.

These co-operative relationships enabled SME retail firms to create competitive advantage over big retailers by responding quickly to consumer demand in terms of after-sales and provision of spare parts. All interviewed SME retail firms confirmed that although they have not that massive ASSC, they manage to create a competitive advantage in processing after-sales. One retailer for example said "we process after-sales and provide spare parts to consumers faster than major brands".

Based on reviewed literature, the nature of competition is another drive for the formation of ASSC. Porter (1990, 1998) argued that nature of competition in the local market influence the creation of competitive advantage in a particular industry. Bennett and Smith (2002) pointed out that "competitive advantage obtained from developing relationships with other regions or countries beyond their own locality".

Report from Euromonitor International (2012) indicated that in the Egyptian market "the distribution system experience huge development, modernised retailers with their chains started to encroach into the territory of SME retailers...hyper markets with their chains started to target different income classes of population...hypermarkets use different promotional activities such as price discount, special offers, quantity discounts and instalments".

The findings of this research agree with porter' argument but contradict Bennett findings. This is because the findings of data sources indicated that SME retail firms use after-sales as a method of creating a competitive advantage based on the local condition of competition in the retailing of home appliances industry. SME retail firms in the Egyptian market for example use coercive power over suppliers so that suppliers respond to consumer demands of after-sales. These findings agree with Zontanos and Anderson (2004) and Jardine (2008) where SME retail firms in both

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markets focus on consumer needs and building personal relationships with consumers.

In the UK SME retail firms focus on building long-term relationships with consumers. Such firms try to meet consumer demand in terms of after-sales by responding quickly to their demand of after-sales. SME retail firms in the UK create their basic ASSC which requires building relationships with different suppliers of spare parts. Some retailers also have recycled inventory of spare parts so that they can quickly respond to consumer demand.

Findings from data sources in the Egyptian market indicated that SME retail firms focus on building close relationships with consumers. Due to the existence of default after-sales supply chain and lack of regulations in retailing of the home appliances in the Egyptian market. This situation made retailers to use coercive power over their suppliers so that can create competitive advantage while processing after-sales. The aim of using power over supplier is to force suppliers to comply with consumers' requirements regarding after-sales.

## **6.6 Elements that Obstruct Formation of ASSC**

Elements that obstruct the formation of ASSC refer to elements that prevent SME retail firms from applying ASSC in a specific market in the industry of home appliances. Same elements that hamper SME retail firms from the creation of relationships within ASSC. Debates in literature suggest that there are two elements that can obstruct the formation of ASSC. These elements are resistance to change and resistance towards the adoption of IT within the supply chain. Firstly, from the perspective of resistance to change Danisman (2010) argued "cultures of organisations are embedded on broader societal culture, such societal based culture, understandings and values within organisations serve a source of resistance to change".

Cagliano et al (2011) pointed out that "culture in high uncertainty avoidance reveal a preference for long-term predictability of rules, work arrangements and relationships and avoidance of risk-taking". Welsh and Raven (2006) and Ahmed (2010) have

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agreed that people in high uncertainty avoidance societies tend to resist change and avoid any unpredictable or unclear situation".

The findings of this research congruence with above arguments. Finding of data sources in the Egyptian market exhibited that participants in the Egyptian market resist the adoption of relationships within ASSC and resist the formation of ASSC. The finding of participant observations exhibited that retailers usually interfere between suppliers and consumers by using coercive power. Such power enforces suppliers to respond to consumer requirement in terms of after-sales.

Secondly, resistance towards the adoption of IT represent another element that obstructs the formation of ASSC. In this context based on literature reviewed cooper (1994) pointed out that "culture and social context affect change towards the adaption of IT communication". Danisman (2010) argued that "culture shapes resistance to change and recognition that cultures of organisation are embedded in broader societal culture".

De Kervenoael et al (2006) pointed out that "consumer resistance to the adoption of the new channel should be addressed from social aspects of online shopping". Jansson (2007) also argued "in high avoidance cultures people value the network relationships than IT when they communicate". Leonard et al pointed out "In high power distance culture focus on symbols and cues showing statues and respect during communication". Hofstede (1980) argued "In collectivist societies the emphasis is placed on belonging to organisations that are generally regarded as a source of expertise, order, duty and security in the society". Kotler et al (1999) argued "buyers of home appliance are affected by personal influence and their purchase decisions go beyond mass-media source to seek the opinion of knowledge people".

Euromonitor International (2013) has reported that non-store retailing in the UK reached £39,122.3 million in 2013 and it is expected to raise £46,424.5 million. The same source confirmed that value growth of non-store retailing will reach 25.3 percent in 2017 whereas; store-based retailing will reach 3.7 percent by 2017.



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Euromonitor International (2012) reported that non-store retailing in the Egyptian market is not used while store-based retailing reached 100 percent. The findings of this study agree with the above arguments and reports. The findings of this study agree with De Kervenoael et al (2006) and Danisman (2010) where authors argued that society and culture influence the adoption of IT.

The findings from data sources in the Egyptian market indicated that IT does not obstruct the formation of ASSC because people prefer personal contact rather than using IT as a method of communication. These findings are congruent with Euromonitor International (2012, 2013) in both the Egyptian and the UK markets. In the UK market the data sources indicated that ASSC already exists and participants of ASSC do not resist the adoption of IT as a communication method. However, data sources in the UK exhibited that although ASSC is already used, IT such as internet affect the creation of competitive advantage for SME retail firms while they process after-sales.

## 6.7 Conclusion

Discussion of the data sources indicated that there is a relationship between after-sales and the competitive advantage. The findings of data sources in this chapter exhibited that SME retail firms process after-sale as a method of creating a competitive advantage differently in both emerging and established markets. Discussion of data sources also indicated that SME retail firms play a role in the creation of ASSC based on the local condition of the market and home appliances industry. This requires enhancing the capabilities of SME retail firms and exploiting available resources. Based on available resources in local markets and relational resources SME retail firms can create a competitive advantage in terms of after-sales.

Cultural variables in both markets have strong influence on the creation of relationships amongst the actors of ASSC and affect the formation of ASSC. Cultural variables are reflected on the process of after-sales, contact modes of after-sales services, promotion methods, adoption of IT within the supply chain and the role SME retail firms play in creating a competitive advantage in both markets.



Culture differences between retailers and suppliers influence the process of after-sales differently in both markets. Culture differences between SME retail firms and international suppliers also have impact on the process of after-sales in different markets. In the Egyptian market a broader societal culture has powerful impact on the creation of relationships between retailers and suppliers.

In the same market a broader societal culture also has strong impact on the process of after-sales within the supply chain. However, in the UK broader societal culture or culture background of participants has no effect on the creation of relationships and on the process of after-sales within the ASSC. This might be because regulations and rules govern the relationships amongst the ASSC. Furthermore, there is recognition that legitimized power used in the established markets rather than emerging markets.

However, in both markets SME retail firms to some extent use a similar role in creating a competitive advantage. In both markets SME retail firms focus on close and personal relationships with consumers. Such firms emphasise on meeting consumer demands regarding after-sales. In both markets, SME retail firms integrate communication methods and focus on word-of mouth promotion. In summary SME retail firms use available resources specifically relational based view, local market condition and condition of home appliances industry in creating a competitive advantage.

In order to provide the reader with a general summary of this study, the researcher has introduced the next chapter. In this chapter the researcher will explain the research problem of research, findings and limitation of this study. In the next chapter, the researcher also explains the study's contribution to the knowledge. Furthermore, in order to tackle the weaknesses of this study, the researcher suggested some recommendations and provides some suggestions for further study.

## **Chapter Seven**

### **Conclusions**

#### **7.1 The Research Problem**

In the context of the retailing of the home appliances industry consumers' expectations regarding after-sales is increasing over time. In this industry delivering after-sales involves long-term relationships between SME retail firms and other participants of ASSC. This research focused on two aims as previously, mentioned in the methodology (chapter 3). The first aim was addressing the role SME retail firms play in the creation of a competitive advantage while processing after-sales within ASSC. The second aim was to address the impact of culture on the creation of downstream and upstream relationships within ASSC and addressing the impact of culture on the formation of ASSC.

Since SME retail firms lack financial and human resources, SME retail firms need to create an after-sales value chain. In order to create such a value chain, SME retail firms need to exploit available resources in emerging markets and enhance their capabilities to create relationships with participants of ASSC. In addition, SME retail firms have to adopt communication methods that suit societal culture in emerging markets. The creation of a competitive advantage requires SME retail firms to use (relational view) and (demand diamond) along with understanding culture before adopting communication methods with consumers and suppliers while processing after-sales within ASSC.

In this study a framework of ASSC has been developed by adapting a few frameworks used in established markets. In this research, two questions have been addressed to fulfil the mentioned aims. The first question was how SME retail firms can use after-sales as a method of creating a competitive advantage in emerging markets. The second question was addressing the impact of culture on the creation of relationships within ASSC. In order to answer these questions, the researcher adopted an interpretative stance and narrative analysis. The researcher also

adopted two methods of data collection namely, interviews and observations with small and medium retailers in the Egyptian and the UK market.

### **7.1.1 Findings of the Research**

Although SME retail firms have limited resources and lack human skill, SME retail firms play an important role in the creation of a competitive advantage in the context of the retailing of home appliances. SME retail firms use after-sales as a method of creating a competitive advantage differently in established and emerging markets. SME retail firms in both markets use resources that are available in the local market and enhance their capabilities in processing after-sales and creating relationships within ASSC. SME retail firms use communication methods that suit social and cultural variables in both sides of ASSC, in each market.

As mentioned in chapter (1), the aim of this research is to address the role SME retail firms play in the creation of a competitive advantage within ASSC in the home appliances industry in emerging markets. This research focuses on using “relational-view”, “demand diamond” and understanding the social culture in the context of ASSC and SME retail firms in each market. The second aim of this research is to address the impact of cultural variables on the creation of relationships and on the adoption of communication methods in emerging and established markets.

Furthermore, this research has three objectives. The first objective is to review critically literature regarding SME retail firms, competitive advantage including the Porter model of competitive advantage and relational-based view, formation of ASSC value chain. The finding of this study has confirmed that that relational-view and demand diamond represent a foundation for creating a competitive advantage for SME retail firms while processing after-sales within ASSC. The second objective is to review the impact of organisational culture and social culture on the creation of relationships within ASSC and on the adoption of communication methods within ASSC in emerging and established markets. The finding of this research exhibited that culture in the Egyptian market, and the UK market have a different impact on the creation of relationships amongst participants of ASSC and on the adoption of communication method within ASSC. The finding of this research also indicated that

the broader societal culture has a stronger impact than organisation culture on the creation of relationships and on the adopting of communication methods within ASSC in emerging and established markets. Furthermore, the findings of this research exhibited that SME retail firms in the UK and the Egyptian markets use a similar role in creating a competitive advantage in terms of after-sales. Such firms in both markets focus on close and personal relationships with consumers. SME retail firms also emphasise on meeting consumer demands regarding after-sales by focusing on word-of mouth as a method of promotion.

The third objective of this study is to contribute to knowledge regarding how SME retail firms create competitive advantage within the societal culture in each market. Based on the reviewed literature the developed ASSC represents a sustainable framework SME retail firms adopt to create a competitive advantage in emerging markets. This framework considered different theories and frameworks of supply chains that have been adapted to be used by SME retail firms in emerging markets. These theories include, demand chains, supply chains, service supply chains, communication between demand and supply chains and the impact of culture on the adoption of communication methods within ASSC. In order to fulfil the objectives of this study, the researcher adopted qualitative research, interpretivistic philosophy and narratives. In addition the researcher chose interviews and observations to achieve the research's objectives and aims.

This research is limited by constrains, imposed by the availability of information and data in the Egyptian market like most other emerging markets. They lack information and data regarding the creation of a competitive advantage for SME retail firms in terms of after-sales in the context of home appliances. Information and data relating to the supply chain and specifically, the after-sales supply chain remain insufficient in recent literature. In order to reduce data interpretation problems, three sources of evidence were used in this research. This allows a comparison of the information provided in the creation of a competitive advantage for SME retail firms and any other documentation with the views of retailers and other participants of ASSC. The same sources allow comparisons in terms of the impact of culture on the creation of relationships within ASSC and the impact of culture on the adoption of communication methods in emerging and established markets.



This also increases the opportunity for checking interpretations and identifying patterns. The areas of evidence investigated were:

1. Elements related to relationships within the demand side of ASSC;
2. Elements related to relationships on the supply side;
3. The impact of social culture on the creation of relationships in both sides of ASSC;
4. The impact of societal culture on the adoption of specific communication methods in both sides of ASSC;
5. The impact of social culture on the adoption of IT while processing after-sales within ASSC;
6. The role that SME retail firms play in the creation of a competitive advantage through after-sales in both markets.

The process of coding and categorising qualitative data as is explained in the methodology chapter (chapter 3) allowed the researcher to construct thematic headings and meta-themes. The researcher organised data by putting labels for each text of data. The researcher then put labels and notices with numbers in each text of data. Data from the interviews and observations were coded by highlighting the related categories in the margins of the transcription. This process helped the researcher to organise the discussion of data in stages. The researcher then grouped many narratives into similar thematic categories where every single category refers to the same issue(s). Later on after continuously revisiting the data additional themes began emerging from the scripts, the researcher grouped the narratives into similar meta-themes. The key feature of coding was carried out by constructing the thematic heading of data analysing process.

These themes are emerged from data that were collected including the interviews and observations. The data were coded into five main categories, where each category has sub-categories that cover related issues. The narratives have been grouped into similar thematic headings. Therefore, initial themes have emerged from categorising the data and grouping the narratives. Furthermore, after continuously revisiting the data additional themes began emerging from the scripts of interviews and observations. Generally, twelve themes have been concluded as can be seen in the chapter (6).

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Due to the gap of information in terms of the supply chain and specifically the role SME retail firms play in the creation of relationships in the ASSC in the emerging markets. Furthermore, due to the gap that exists in terms of the impact of culture on the creation of relationships in the same markets. This requires study of these areas in established markets. The research has concentrated on elements related to the creation of relationships in both sides of ASSC.

In addition, the research has focused on addressing the impact of culture on the creation of relationships and the impact of societal culture on the adoption of communication methods in both sides of ASSC in the retailing of home appliances industry in the Egyptian market. Consequently, the suggestions of this study will be limited to these elements. Although, suggestions and recommendations of this study will be exclusively limited to SME retailers of home appliances in the Egyptian market, they may be applicable to similar industries in other emerging markets.

## **7.2 Research Significance**

This study is significant because of its unique nature, its relevance and its contribution to knowledge.

### **7.2.1 Uniqueness of the Research**

It is evident in the literature that after-sales services became an important element for the creation of a competitive advantage. Furthermore, delivering after-sales services requires cooperation amongst participants of the supply chain and requires developing relationships within a stable supply chain. Generally researches that handle the issue of creating a competitive advantage for SME retail firms in the context of home appliances in emerging markets are very limited.

This research examines how SME retail firms can create a competitive advantage through using after sale services in emerging markets. This research is an addition to the academic studies that address the role which SME retail firms play in the creation of a competitive advantage concerning the home appliances sector in emerging markets where there has been little previous research. In order to create a competitive advantage for SME retail firms in different markets, the researcher

developed a new framework by adapting some frameworks that were used in established markets which exist in the literature reviewed. This may give extraordinary value to this study as literature that provides cross-culture comparison related to the formation of after-sales supply chain and the creation of relationships is very limited in the reviewed literature.

### **7.2.2 Relevance of the Research**

This research is relevant to the retailing of the home appliances industry. It is extremely relevant to SME retail firms and the role such firms play in the creation of a competitive advantage by using after-sales in the home appliances sector in the Egyptian market as a representative of emerging markets. This research is therefore, significantly important to SME retail firms that operate in emerging markets by using available resources in such markets and enhancing their capabilities.

This research is also relevant to the impact of societal culture on the creation of relationships and the formation of after-sales supply chain in emerging and established markets. More specifically, this research addresses why SME retail firms adopt specific methods of communication while processing after-sales within the supply chain. Therefore, the role SME retail firms play in the creation of relationships while delivering after-sales within the supply chain gives the research great value in the specific market.

### **7.2.3 Contribution to Knowledge**

This research examines how SME retail firms can create a competitive advantage through using after sale services in emerging markets. Based on the reviewed literature the researcher believes that research related to after-sales services with special reference to the creation of a competitive advantage for small-medium retail firms in emerging markets is still under exploration. Furthermore, the researcher thinks that addressing the impact of culture on the creation of relationships and formation of an after-sales supply chain is also still at a preliminary stage. In addition to that, there is little literature that provides cross-culture comparison regarding the formation of an after-sales supply chain and the creation of relationships amongst actors of a supply chain.

This research is an addition to the academic studies that address the role which SME retail firms play in the creation of a competitive advantage regarding the home appliances sector in emerging markets since there has been little previous research. The researcher developed a new framework through modifying some frameworks that were used in established markets which exist in the literature reviewed. The outcome of the research therefore, will contribute towards better understanding how SME retail firms can create competitive advantage through using after sale services in emerging markets.

The researcher believes that this research provides a better understanding of how small-medium retail firms can optimise available resources, enhance capabilities and address the condition demand of the home appliances industry in emerging markets. Within the proposed framework (ASSC) that has been developed in this research, SME retail firms can create their own networks while they process after-sales by adopting a relation-based view and specifically adopting holistic relationships. Such firms can enhance their relational capabilities within the downstream and upstream of ASSC.

In addition to the above contribution, the research discovered that SME retail firms can play an important role in exploring the nature of societal culture and adopt communication methods which suite such cultures while they process after-sales on both sides of ASSC.

Since the societal culture and cultural variables affect the creation of relationships, the proposed ASSC represents a practical framework; this framework allows SME retail firms to create a competitive advantage by exploiting available resources and enhancing firms' capabilities including adopting different communication methods when delivering after-sales.

The outcome of this research indicates that social and cultural variables in the Egyptian market define the nature of relationships between retailers and consumers. The same societal culture determines the nature of relationships between retailers and their suppliers while processing after-sales services.



This research is a substantial contribution as it might be the first study that addresses the creation of a competitive advantage for SME retail firms in the emerging markets in the home appliances industry. The introduced ASSC framework in this study can be applied in different emerging markets. This framework can capture the specificity of societal culture of any emerging market. Within this framework SME retail firms create relationships and adopt suitable communication method while they deliver after-sales.

The Egyptian market, where the field work was conducted, was in an irregular condition due to the uprising as has been explained in the methodology chapter (chapter 3). This required the researcher to be more determined to fulfil the research's objectives. As mentioned in the research methodology chapter (3), the Egyptian market after the 2011 uprising was in irregular condition, the environment was unstable which constituted multiple safety and security challenges due to the messiness that surrounded the research. The situation in Egypt was chaotic, protests were still occurring throughout the country especially in the capital city Cairo. Transportation within the city, collecting data and gaining access to the retailers all required an additional effort from the researcher to fulfil the research's objectives.

In spite of these complexities, the researcher studied the political situation in the Egyptian cities including, the capital city (Cairo) and the second largest city (Alexandria). The researcher chose Alexandria because it was the closest to economic and political stability. People in Alexandria were active whether they were working labour jobs or office based jobs. Furthermore, streets in Alexandria were crowded and roads were congested. The retailers' locations were in their natural setting and normal condition.

The selected retailers remained open from early morning to late night. The suppliers' products were still being delivered. The consumers also were coming and going in large numbers whether to explore offers or to buy products. In order to process the data collection in a safe environment, the researcher found a guide who was a taxi driver and well knowledgeable in the Egyptian market. The guide helped

the researcher choose the areas that were suitable for conducting interviews and observations.

Although the samples of this research were relatively small sized, the researcher adopted methodology and methods that increase the research's validation. The researcher used interpretivistic philosophy and a narrative method. The Interpretivistic stance allowed the researcher to get indications from data rather than generalising this small data. Using a narrative method also helped the researcher to construct knowledge from dialogue and discourses with retailers. In order to fulfil the research's objectives and answering the research's questions, the researcher used interviews and observations. The researcher used loosely structured interviews which include open-ended and probe questions that facilitate the construction of narratives, discourses and dialogues. By doing this the researcher normalised for the research purposes the situation so was able to undertake research in a manner that was professional and valid.

Thus, the contribution of the research is apparent in the exceptional effort to tackle the inevitable obstacles and challenges that faced the researcher due to the unstable environment when going out into the field for data collection and data access. However, despite affecting the data collection and data access, the challenges and obstacles did not affect the thesis outcome. This is because the researcher eventually conducted the interviews and observations and gained the required data from the retailers.

#### **7.2.4 Research Recommendations**

After reviewing the literature and determining some weaknesses of retailers' practices of after-sales as a method of creating a competitive advantage in emerging markets, this research provides several recommendations in order to tackle these weaknesses. A stable ASSC therefore, need to be applied by SME retail firms when they deliver after-sales in their market places. The flexibility of this framework comes from its dependency on general resources that are available in the local emerging market. SME retail firms with their limited resources can enhance their capabilities by using factors that lead to the creating of a competitive advantage such as demand condition, input condition and nature of competition in the home appliances industry.

Based on available resources SME retail firms create relationships in both sides of the ASSC. Downstream and upstream relationships and communication in both sides is influenced by societal culture in the local market. In other words, SME retail firms play an essential role in the creation of relationships with both consumers and suppliers and determining a method of communication that suits social and cultural variables in each emerging market while delivering after-sales.

The following therefore, are some recommendations to SME retail firms so that they create a competitive advantage in terms of after-sales in the retailing of home appliances industry in general emerging markets and in the Egyptian market:

- SME retail firms need to address the condition of the market environment and the condition of the retailing of the home appliances industry. In addition, the demand of home appliances must be addressed before determining a strategy of creating of a competitive advantage through after-sales in the local market.
- SME retail firms need to construct a demand chain which requires the classification of consumer segments and target the demands of each segment regarding after-sales. In order to meet each segment SME retail firms need to adopt long-term and direct relationships with each segment of customers.
- Upstream relationship needs to be created based on meeting consumer' demand. In other words, retailer-supplier relationships are contingent on demand condition in the local market.
- SME retail firms need to create small or basic service centres within or close to the businesses' locations. Furthermore, SME retail firms need to develop relationships with suppliers of spare parts, so that they can meet the demand of after-sales. This is because of the collaboration relationships with suppliers of spare parts that, represent an important element of creating a competitive advantage.
- Since inventory is considered as an element that increases the cost of after-sales, SME retail firms can for example address demand of spare parts and keep enough quantities of them or use recycled spare parts.



- SME retail firms must play an important role in determining communication methods that connect SME retail firms with other participants of the ASSC. Adopting any method of communication within SME retail firms provide after-sales services or adopting specific promotion methods based on the nature of societal culture in a specific market.
- SME retail firms must exploit resources and enhance relational capabilities in processing an extended warrantee as a method of creating a competitive advantage. An extended warrantee may represent an important element of the creation of a competitive advantage in the context of home appliances in any emerging market.
- Finally, due to the absence or underdevelopment of both soft and physical infrastructures in emerging markets, conglomeration or business groups substitute for the absence of institutional infrastructure such as effective intermediaries, regulations and contacts. In the Egyptian market in order to create a competitive advantage in such a competitive industry (appliances sector) SME retail firms need to construct conglomerated national brands to deliver different components of after-sales and spare parts to consumers. Conglomerated SME retail firms will be able to use funds and management which substitutes the absence or lack of intermediaries and labour institutions.

### **7.3 Suggestions for Further Research**

Due to the limitation of time the researcher conducted a limited number of observations in the Egyptian market within a specific period. It also was not possible to conduct observations with people in service centres or with main suppliers in the Egyptian market. Furthermore, the implementation of ASSC for SME retail firms and their revolution over time should be studied. This may require the adoption of longitudinal perspective in terms of relationships between retail firms and other participants of the supply chain. This type of research allows the researcher to explore and address the impact of culture on the creation of relationships within the ASSC over an extended periods of time, preferably more than five years. During this period of time the researcher can study the changes of the participant's culture in terms of relationships and communication methods they adopt and develop a clearer understanding of their readiness to adopt theories which are being used in



established market including relationships and communication methods within the ASSC.

As this research is a cross-cultural comparison the use of a single emerging market (Egyptian market) to represent emerging markets may not reflect the applicability of suggested ASSC. It would be very beneficial to conduct observations and interviews in different emerging markets. Conducting fieldwork in the UAE or Turkey for example would be valuable because both markets are emerging markets that have established the practice of after-sales. In future research, it will be interesting to investigate the impact of societal culture on the creation of relationships and the formation of ASSC in different emerging markets such as the Middle East, North Africa, Russia, Brazil, Mexico, India and other emerging markets. Addressing the impact culture has on the creation of relationships in these markets will give a better insight regarding the applicability of the ASSC model.

Finally, the suggested framework is intended to be applied in context of SME retail firms and the home appliances industry. Other suggestions include applying this framework to markets outside the kitchen appliances industry such as the automotive industry or industrial machinery as well as comparing the effectiveness of the ASSC framework on SME retail firms and big retailers.

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# Appendixes

## Appendix 1

### Information Sheet

#### **Title: Competitive Advantage through After-sales: A Cross-cultural Comparison of Emerging and Established markets**

I am a PhD student currently studying at Sheffield Hallam University. I am under the supervision of Dr Andrew Cropper who is also my director of study. His email address is a.cropper@shu.ac.uk. I am required to undertake some interviews and observations to get PhD degree. My research field is Marketing Management. My task for this research is to explore the relationship between after-sales and competitive advantage for retailers of domestic appliances. In addition explore the impact of local culture in creating relationship and formation of supply chain in Egypt.

I am supposed to interview retailers operate in Egypt and observe their actions of after-sales and their relationships with both customers and suppliers. I have identified you as you operate and have knowledge in the context of after-sales and supply chain, you also has information about factors that drive your action of after-sales and challenge you may face to create competitive advantage in the Egyptian market.

Please, if it is possible, I am asking you to help me to conduct this interview and observation. The interview will be arranged with times best suitable to you and I will do my best to minimise the time of interview. I would like to inform you that I intend to record the interview so that I can transcribe it which would help me to write my report of this project. However, the recorder will be switched off at any time you need.

Outcome information expected from this interview will be used only for educational purpose which is primarily for fulfilling the University requirement and for my phd researcher. These interviews remain confidential as your names well remain anonymous in final thesis report. I would like to confirm you that my research is

hundred percent educational and I am not working for any government department or business organisation. You are also free to cancel any inconvenient interviews at any time. However, I provided you with letter from my supervisor and his address please read it and feels free to contact him in case of any enquiry or explanation.

Thank you for your time to read this sheet.

Salhah Alshaer

Mobile number: 07578607503

Email address: sal12shu@yahoo.co.uk

## Appendix 2

### Consent form for Conducting Interviews and Observations

I am. . . . . , I give my permission to Mrs Salhah Alshaer to participate on observation and to give Mrs Salhah Alshaer required information for the purpose of her study for PhD degree in Marketing Management at Sheffield Hallam University. I understand that Mrs Alshaer may want to quote some parts of this observation in her written report.

Signature of retailer: .....

Date .....

## Appendix 3

### Interview Guide

#### Opinion Based Questions

- What retailers think about using after-sales as a method of competitive advantage?
- What is the nature of relationships with both consumers and suppliers?
- What is the impact of societal culture on adoption of communication method?
- What is the impact of societal culture on the adoption of IT within after-sales supply chain?
- What elements determine relationships with suppliers and consumers?

#### Knowledge Based Questions

- What drivers that form after-sales service supply chain?
- What element that drive the creation of relationship between retailers and other participants of supply chain?
- What challenges retail firms face when they adopt particular communication method?
- What elements that represent challenge for SME retail firms when adopt IT while prices of after-sales within supply chain?

#### Experience Based Questions

- What are resources available in local market and how SME retail firms can use such resources in the creation of relationship while process of after-sales?
- How SME retail firms can enhance their relationship marketing while process after-sales as a method of competitive advantage?
- Do cultural and social factors affect the adoption of specific communication method in specific market?
- Does cultural factor affect the adoption of IT in processing after-sales?
- Does change of retailers' practices in term of after-sales require long time?
- Does the adoption of IT as a method of communication require long time to be applied in specific market?



- To what extent the ASSC applicable in local market?

**Questions are related to retailers' felling**

- Do you prefer to use personal contact with your suppliers and consumers?
- Do think that the adoption of relationship marketing and theories that used in established market is important?
- What challenges you may face when adopting IT and formal relationships applicable in local market?
- Do you think as a retailer you can play role in the creation of competitive advantage? And how?
- Do you think ASSC is applicable in marketplace? Why?

## Appendix 4

### Coding Data Obtained from Interviews and Observations in the Egyptian Market

#### Data Analysis (Part 1):

#### Demand chain of home appliances and after-sales services

#### Nature of relationship between retailers and consumers

	Nature of relationship between retail firms and consumers
Interviews	
Small Retail firm (George)	<p>We have direct contact with our consumers during long-term relationships; we have a personal relationship with our consumers.</p> <p>We have to give them impression that we are concerned about their needs regarding products and after-sales as well.</p> <p>...just through personal contact and personal relationships , when they come to our business</p> <p>One day I remembered one consumer said to me "if you sell spare parts with 10000 dinars while it cost 1000 dinar I will buy it from you without any hesitation.</p>
Medium Retailer (Sameeh)	<p>Personal relationship is more popular because the nature of the Egyptian society tends to be personal rather than formal.</p> <p>In Egypt personal relationship are prevailing.</p>
Small Retail firm (Mohammed Hammed)	<p>It is totally personal; especially we deal with uneducated people, their awareness bit low, so we have to keep them happy, these simple people are loyal to their retailer.</p> <p>The culture of Egypt participants focused on personal relationships rather than formal</p>
Big retail firm and whole supplier(Saffoutt)	<p>In the Egyptian market, in the appliances industry the relationship between retailers and consumers is based on personal and social relationships. Most of my consumers for example come to my business by recommendation of their families and relatives.</p>

	<p>If someone wants to get married he/she does not select the suitable washing machine but she/he seeks advice from their mothers, uncles and so on.</p>
Big retail firm and whole suppliers(Saheer)	<p>It is a widely personal relationship and it is also a social relationship for example, some relationships with our consumers depend on relatives' recommendations ...</p>
Medium retail firm(Golden Group)	<p>Our relationship with consumers in the first place is a personal relationship; the consumer's first visit to our business is so important because it gives an impression to our consumers. Therefore, we have to pay enough attention to our consumers</p>
Small retail firm(Abbed Company)	<p>Most likely formal.</p> <p>Personal relationships are important for example, loyalty and trust between us and our consumers would help us to retain and satisfy them. They in turn will recommend other consumers to buy from us.</p>
Big retail firm and whole supplier(Raffek)	<p>It is personal in the first place.</p>
Participant observations	
Small retail firms(Mohammed Hammed)	<p>Location of this retail business in traditional area, it was operating since sixties (his dad), all observed consumers seemed a member of his family.</p> <p>...retailer and every single consumer had worm conversation before purchase any product...or before they discuss about products and associated issue.</p> <p>Retailer keeps calling them with their known nicknames for example, UM AHMED, ABU ALI...as they are old consumer...</p> <p>When consumer come the retailer offer place to sit and offer drinks or tea...</p> <p>Retailer keep saying all observation period some worm words such as TAEEB (means ok), YAUMMEY (my mum), HADDERETIK (means your excellency) and so on...</p>

	<p>One observed old lady she said “I haven’t got money to go to their centres”, she also said “look to get nearest service centre I need at least two hours and lots of money if I get a taxi, you know Alexandria has heavy traffic, this will cost me more than the product price”.</p> <p>She described herself as an old lady and she told him that she as old as his mum.</p> <p>The retailers latter said do not be surprised, headed “in some cases consumers misuse product, I take responsibility of replacement and sometimes I repair it and pay for its repairing”.</p> <p>The retailer said “I want your own good” Retailer during the whole observation did some actions that he is not responsible for them for example: Calling representative to sort some problems of after-sales out; Interfering in processing after-sales during guarantee period; Looking for updated contact numbers or addresses of service centres and suppliers.</p>
<p>Big retail firm and whole supplier(Saffoutt)</p>	<p>Employees used some compliments when they speak with their consumers. They, for example, say “as you want” “at your services” we all yours” “your excellency” “master” “king” and so on.</p> <p>Researcher observed some signs of personal relationship, friendly and warm manner the interaction between sale people and consumers.</p> <p>One observed consumer returned TV after one hour of purchasing, legally retailer could not respond to her request because, she tested the TV before her purchasing...after long time of conversation and negotiation, they respond to her request and replace it although they convinced there was not any wrong with the set...</p> <p>... While assistants were so polite and composed, she was shouting and speaking loudly. They were smiling while she was shouting and she kept saying “I do not want it” “I need another set”. The</p>



assistants would reply politely "listen ma'ams" "your excellency"  
"please calm down".

Another old lady came with her daughter, once she came in she said; she said "do you remember me, I came last month and I bought many appliances for my son's house before his marriage". He responded "welcome, at your service". He told her he will help her, she sat next to his desk and her daughter sat against her mum.

A young lady and her fiancée came to the business she said my mum recommend me to buy my appliances from your shop...The chief executive recognised her. He welcomed her and her fiancée and told her he would help her in choosing good products and offer her a discount as well.

At payment time she negotiated with him over the price, she reminded him that she is a regular customer. He responded to her request and gave her a discount

## Appendix 5

### Coding Data Obtained from Interviews and Observations in the UK

#### Data Analysis (part one):

#### Demand chain

#### Nature of relationship between retailers and consumers

	Nature of relationship between retailers and consumers
Interviews	
Appliances centres(Bristol road, Selly oak)	<p>...They have guarantee card, with number provided to connect the suppliers directly, in this time I am not responsible for after-sales. But in case of reconditioning or after period they come to me(formal relationship)</p> <p>People do not have to have their stuff from us to have it repaired because we have people from London phone us (my washing machine broke can we get it repaired) because there is students there and people got money and they invest the money here, profitable and alternatively they come and pay here so we do that as well (formal relationship).</p> <p>We have some customers living in Dubai.</p>
Bargains "R" us domestic appliances (Pershore Road Stirchley)	Formal and personal because at the end of the day you are in the market and there are so many people can personally interact that will have so many affect.
Appliance World(Stratford Road, Sparkhil)	Personal and formal relationship with our consumers. But it tend to be personal rather than formal, because with us we do a lot of repairs as well and if the after-sales are no good, if somebody comes to you once and buys something from you and something breaks down and it is not fixed or dealt with properly, they want come back to you so you know obviously one person if he does not came back to you, he will tell another 40, 50 that it was not good like they say bad news spreads quick...so our aims is not to sell product but to have repeat customers as well.
Home appliances	Relationship with my customers is formal.

warehouse Ltd (Montgomery Street, Sparkbrook).	There are regulations for consumer protection, if there is a problem between retailer and a consumer or between consumer and manufacturers. There is organisation that will take care of that.
Participant observations	
Appliance World(Stratford Road, Sparkhil)	<p>This retail firm gives a guarantee period for these appliances (slightly used and slightly marked). During this period the retail firm is responsible for doing after-sales. The guarantee period may be extended for another three, six or eight months...During this period consumers contact this retail firm if they face any problem.</p> <p>The relationship between the retailer and some consumers was, to a certain extent, personal as they spoke in a different language.</p> <p>The retailer also asked them if they wanted tea or coffee.</p> <p>One consumer was talking to someone on the mobile phone while purchasing the fridge; his friend was a retailer as well. After all, he paid for the fridge, took his receipt and took it with him.</p> <p>Consumer called the retail firm from Manchester, he has a flat which he rents to international students, he asked the retailer to go to the address of that flat to repair a washing machine, it was not under guarantee; he confirmed that he will pay after the engineer repairs it.</p> <p>One consumer came from a letting company on the first day, he asked and explored offers and prices, he was constantly talking to his boss over the mobile phone. He chose three cookers and one washing machine they all brand new he paid deposit. The next day, he came while waiting for the driver to come to the business. The retailer asked him if he wanted tea or coffee, he replied "no I am fine thank you"...He told the retailer that he is going to get married next month and he is currently fitting the carpets for his flat, the retailer asked him where he got the carpet from and he described the location of the shop in Coventry road which he dealt with. He told the retailer that he needs a washing machine and</p>



	<p>cooker. The retailer took him and showed him the offers and explained the difference of prices and quality. He also recommended him to buy from Beko or Hotpoint as they were popular that season.</p>
<p>Home appliances warehouse Ltd (Montgomery Street, Sparkbrook)</p>	<p>Consumer who came to the retail firm; this one wanted to buy a double-door commercial fridge, the retailer called the engineer over, he came and took the consumer to the used appliances area and after around 30 minute he took the fridge to his van and took his receipt and went.</p> <p>Another consumer was a land lord; he called the retailer to buy a used fridge in good condition for his house which he rented to international student...After a while he came in and saw the fridges in the used appliances section, he chose a small fridge and asked the retailer to deliver and install it...and told the consumer that the nearest delivery time the next morning , they agreed on a specific time to suit both them and the consumer.</p> <p>The consumer compared the prices of used products and the period of guarantee of brand new products, he decided to buy used products as the retailer offered him one year warranty.</p> <p>...He finally chose, took his receipt of payment and paid the deposit fee. He said that he would come to collect the appliances in two weeks.</p> <p>Consumer came, he was a representative from a renting agency, seemed he came before, as when he just came in they recognised him, he wanted three fridges, three washing machines and one cooker, he purchased brand new Beko and Hotpoint appliances. He paid the prices and took his receipts.</p> <p>The retailer was talking to them in their own language (Urdu), they sometimes spoke English too..."yes we do lots of cooking ",</p>



## Appendix 6

### Distribution format in the UK in major appliances sector 2007-2012

United Kingdom	2007	2008	2009	2010	2011	2012
<b>Major Appliances</b>						
<b>Store-Based Retailing</b>	<b>87.0</b>	<b>84.9</b>	<b>84.4</b>	<b>84.0</b>	<b>83.8</b>	<b>83.3</b>
Grocery Retailers	4.4	5.2	5.4	5.4	5.4	5.4
Hypermarkets	3.2	3.2	3.3	3.3	3.5	3.5
Supermarkets	1.2	2.0	2.0	2.0	2.0	1.9
Discounters	-	-	-	-	-	-
Non-Grocery Retailers	82.6	79.6	79.1	78.6	78.4	77.9
Mixed Retailers	12.1	11.3	10.7	10.7	10.7	10.6
Department Stores	4.0	4.0	4.3	4.3	4.4	4.4
Variety Stores	8.1	7.3	6.4	6.4	6.3	6.3
Warehouse Clubs	-	-	-	-	-	-
Mass Merchandisers	-	-	-	-	-	-
Health and Beauty Retailers	-	-	-	-	-	-
Chemists/Pharmacies	-	-	-	-	-	-
Parapharmacies/Drugstores	-	-	-	-	-	-
Beauty Specialist Retailers	-	-	-	-	-	-
Other Healthcare Specialist Retailers	-	-	-	-	-	-
Home and Garden Specialist Retailers	10.0	10.0	10.5	10.5	10.4	10.4
Furniture and Furnishings Stores	6.0	6.0	6.2	6.2	6.2	6.2
DIY and hardware stores	4.0	4.0	4.2	4.2	4.2	4.2
Durable goods retailers	54.9	53.9	53.5	53.1	53.0	53.0
Kitchen specialists multiples	14.4	13.4	13.3	13.2	13.3	13.3
Kitchen specialists independents	8.1	7.9	8.0	7.9	7.9	7.9
Electronics and Appliance Specialist Retailers Multiples	25.6	25.9	25.6	25.5	25.5	25.5
Electronics and Appliance Specialist Retailers Independent	6.8	6.7	6.6	6.4	6.3	6.2
Construction	2.4	1.9	1.9	1.9	1.8	1.8
Builders Merchants	3.3	2.5	2.6	2.6	2.5	2.1
Other Non-Grocery Retailers	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-Store Retailing</b>	<b>13.0</b>	<b>15.1</b>	<b>15.6</b>	<b>16.0</b>	<b>16.2</b>	<b>16.7</b>
Homeshopping	3.0	3.0	2.9	2.8	2.7	2.6
Internet Retailing	10.0	12.1	12.7	13.2	13.5	14.1
Direct Selling	-	-	-	-	-	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Forecast sale for non-store retailing by channel/ percentage value growth 2012-2017

	2012-2017 by category	2012-2017 total
<b>Direct selling</b>	-1.5	-3.7
<b>Home shopping</b>	-7.9	-33.7
<b>Internet retailing</b>	6.3	36.0
<b>Vending</b>	-0.4	-1.8
<b>Non-store retailing</b>	4.6	25.3

### Sale in non-store retailing current growth by percentage 2007-2012

	2012-2017 by category	2012-2017 total
Direct selling	1.5	7.9
Home shopping	-6.3	-27.6
Internet retailing	16.4	113.7
Vending	-10.8	-43.4
Non-store retailing	10.3	63.3

### Number of the internet user in the UK 2008 in millions

